strength through focus

2003 Annual Report
to Shareholders

Lend Lease

Lend Lease is a leading real estate services business, having created, enhanced and managed real estate assets around the world for over 45 years.

2003 was a challenging year, as the Company addressed the consequences of an unsuccessful attempt at becoming a global integrated real estate business.

A revitalised leadership team, and a revised business model, are re-shaping the business. We are focusing on our core strengths of project and construction management, integrated development and real estate funds management within the three major regions of Asia Pacific, Europe and the Americas.

Flexibility underpins this model. We are concentrating on sectors and markets where we have a strong foundation of knowledge, and where business opportunities exist that are suited to the capabilities of Lend Lease.

We are leveraging scale to harvest global and regional synergies and maintaining flexibility to adapt to individual markets.

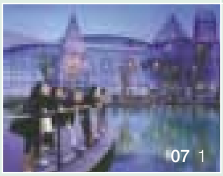
We are a more streamlined, accountable and lower cost operation.

This Annual Report reflects one of the most challenging years in the history of Lend Lease. It outlines the tough decisions that have been made, and our plans to reposition the Company for a prosperous future.

Contents

in focus

Month
Event



July

1 Ten investors join Lend Lease Retail Partnership, bringing around £75m, taking fund to over 30 UK and overseas institutional and pension fund investors

2 Diane Grady retires from the Board of Lend Lease

3 Lend Lease tops financial services sector of Dow Jones Sustainability Indexes for 2002

4 Bovis Lend Lease wins US$39m StoneCrest Medical Center project in Tennessee

August

1 Delfin Lend Lease and Boral join forces to develop one third of Boral's 330 hectare Greystanes site in Sydney into a A$750m residential community

2 GLL Real Estate Partners GmbH launch GLL Office Fund with acquisition of 75% interest in San Francisco office tower

3 Bovis Lend Lease wins contract to manage design and construction of 10,000 base stations throughout Japan for Vodafone's '3G' mobile phone network, and acquires facility construction division JTE from Japan Telecom Holdings

4 Actus Lend Lease named preferred developer for US Army's 50 year privatisation contract in Fort Campbell

September

1 Bovis Lend Lease World Trade Center team featured in Public Broadcasting Service documentary

2 Delfin Lend Lease wins International Education Awards for projects at Caroline Springs (Melbourne) and Varsity Lakes (Gold Coast)

3 Fifteen luxury tents designed and constructed by Bovis Lend Lease unveiled at Ayers Rock Resort, owned by General Property Trust

4 Debut Services, (Bovis Lend Lease, Babcock Infrastructure Services consortium) named preferred bidder by Britain's Ministry of Defence for first phase of 14 year, £1b Project SLAM (Single Living Accommodation Modernisation)

5 TresAguas officially opens in Spain, the fourth retail destination delivered by Lend Lease in Europe in 4 years

6 Lend Lease wins first year of £900m, 4 year program to refurbish 1,000 Jobcentre Plus offices across the UK

2002


10 4


11 1


12 5

October

1 Lend Lease Global Properties, SICAF completes investment program with the acquisition of Banimmo Real Estate and Banimmo Real Estate Management Company in a joint venture with existing management for €270m

2 Bovis Lend Lease wins two projects at Columbia University totalling US$66m

3 Bovis Lend Lease wins US$43m North Carolina State University project to construct College of Veterinary Medicine-Lab Facility and Infrastructure

4 *Finding a Common Interest – The Story of Dick Dusseldorp and Lend Lease* by Lindie Clark published

November

1 Delfin Lend Lease's Melbourne community, 'Edgewater', awarded best Local Government Planning Process, Victoria by Planning Institute of Australia

2 Bovis Lend Lease wins Wyeth Pharmaceuticals' Research and Development Renovation project in Massachusetts

3 Lend Lease named 'Employer of Choice for Women' by Australian Government's Equal Opportunity for Women in the Workplace Agency

4 Bovis Lend Lease wins 5,000 base station roll-out project for Nokia in Japan, following successful delivery of 1,600 sites

5 The pharmaceutical division of Bovis Lend Lease opens new offices in Ireland, Belgium and Puerto Rico

December

1 Debut Services appointed by Britain's Ministry of Defence to manage first phase of £1b Project SLAM

2 Touchwood wins Best New Shopping Centre at 2002 British Council of Shopping Centres awards

3 Bovis Lend Lease wins £402m refurbishment contract of BBC's Broadcasting House and neighbouring buildings in London, to create world's largest live news centre

4 Australian Prime Property Fund sells Redbank Plaza, Queensland, for A$93m

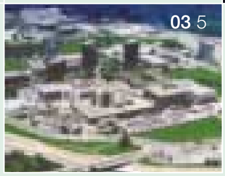
5 Greg Clarke becomes Chief Executive Officer of Lend Lease, replacing David Higgins

6 Albert Aiello retires from the Board of Lend Lease

7 Lend Lease Houlihan Rovers SA launches Lend Lease SICAV European Real Estate Securities Fund

in focus
continued

Month
Event



01

January

1 David Higgins retires as Executive Director of Lend Lease

2 Bovis Lend Lease appointed project manager for clean up of 530 homes destroyed by Canberra bushfires

3 Lend Lease announces US$300m write-down of US REI business

4 Bovis Lend Lease wins A$138m office tower project in Melbourne CBD for Australian Super Developments

5 Daikyo and Lend Lease enter Memorandum of Understanding to develop Daikyo's land holdings on Queensland's Gold Coast

6 Construction commences on £275m Chapelfield mixed use retail development in Norwich, UK

02

February

1 Actus Lend Lease and Department of the Navy sign 50 year, US$1b agreement to develop and manage military housing communities in South Carolina, US

2 Lend Lease and General Property Trust joint venture named 'preferred tenderer' to create A$1b Rouse Hill Regional Centre, Sydney

3 Lend Lease announces new management structure to simplify Group and sharpen focus

4 Bovis Lend Lease wins Long Beach Community College US$270m project, California

03

March

1 Delfin Lend Lease's Golden Grove, Adelaide, wins Urban Development Institute of Australia's 2002 award for Best Masterplanned Development in Australia

2 Bluewater named Retail Destination of the Year 2003 at Retail Week Awards, UK

3 Bovis Lend Lease engaged by Australian Rugby Union to assist in staging of 2003 Rugby World Cup

4 Bovis Lend Lease and Wallis Real Estate sign a 2 year deal to provide a joint offering of real estate and project and construction management services in Hungary

5 Bovis Lend Lease wins US$92m project for Medical City Dallas Hospital

04

April

1 NSW Premier Bob Carr launches '30 The Bond' – Australia's first 5 star energy rated office building, and the Group's new Sydney headquarters, being developed and built by Lend Lease

2 Lend Lease achieves outline planning consent from London Borough of Greenwich for £5b redevelopment of Greenwich Peninsula, over 20 years

3 Bovis Lend Lease wins 3 year, €210m contract to renovate Shell International's headquarters in the Netherlands

4 Milton Keynes Council grants outline planning permission for £400m master vision expansion prepared by Lend Lease for *thecentre:mk*, in the UK

2003

05

May

1 Jill Ker Conway resigns as Chairman, David Crawford appointed Chairman of Lend Lease

2 Lend Lease announces a further write-down of up to US$300m of US REI business

3 Lend Lease announces revised business strategy, exit from US REI and some European based REI initiatives

4 Lend Lease enters agreements to sell HCI business to MuniMae for US$102m, and several US real estate debt businesses to GMAC for US$103m

5 Lend Lease acquires Twin Waters Resort in Queensland for staged redevelopment

6 Bovis Lend Lease wins second GE industrial project in China in 12 months

7 Lend Lease's appointment extended to manage years 2-4 of Jobcentre Plus program in UK, following delivery of over 200 offices in year 1

06

June

1 Commencement of Lend Lease share buyback

2 NSW Government releases first stage of St Marys land for development, enabling precinct planning by Delfin Lend Lease and ComLand to begin on this A$2b project

3 Lend Lease enters agreement for management buy-out of HFF business for US$10m

4 Lend Lease enters agreement with Morgan Stanley to assume ownership of certain parts of US real estate equity advisory business

5 Lend Lease sells its 50% interest in TresAguas retail centre in Spain to Metrovacesa S.A. for €28m

6 Lend Lease launches Lend Lease Real Estate Partners 2 Fund

7 The Global Alliance (Bovis Lend Lease and BP) expands into Mexico

07

July

1 Catalyst Healthcare opens its third PFI hospital in Northumberland, and begins work on the fourth, in Essex, under an early works agreement, both in the UK

2 Bovis Lend Lease wins CINE Golden Eagle Award for *9/11: Response and Recovery* documentary

3 Bovis Lend Lease starts stage 3 of A$205m Sewerfix alliance project with Sydney Water

4 Bovis Lend Lease wins its biggest ever contract in Czech Republic as project manager for the €280m Prague airport terminal

5 Jacobs Lend Lease Pfizer project in Singapore wins 2002 Gold Award from the Singapore Ministry of Manpower in recognition of excellent safety performance

08

August

1 Bovis Lend Lease named preferred managing contractor of the A$165m Millennium Arts project at Queensland Cultural Centre

2 Delfin Lend Lease's North Shore Coastal Village on the Sunshine Coast scoops the coveted HIA GreenSmart® Design Concept Award

3 Actus Lend Lease selected by the US Army as preferred developer to continue exclusive negotiations for the US$5.1b development of military homes and communities in Hawaii

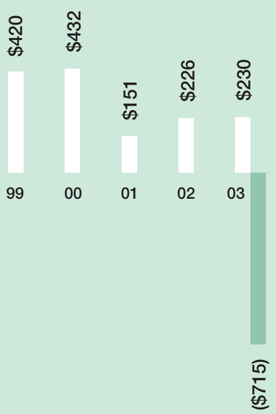
4 Joanne Curin appointed as Finance Director of Lend Lease following retirement of Robert Tsenin

5 Lend Lease enters agreement to sell Lend Lease Mortgage Capital to Wachovia Corporation for US$42.5m

6 Lend Lease enters agreement to sell its 23% interest in IBM Global Services Australia to IBM for A$160m

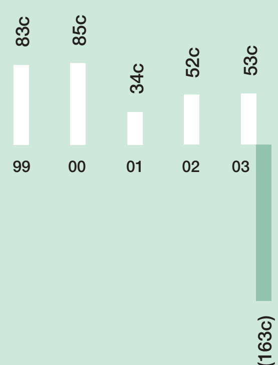
financial overview

Profit after tax (A$m)



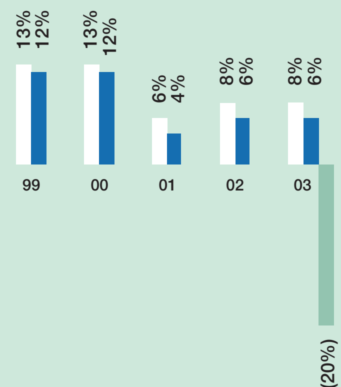
- Profit after tax excluding REI write-down
- Profit after tax including REI write-down

Earnings per share



- Earnings per share excluding REI write-down
- Earnings per share including REI write-down

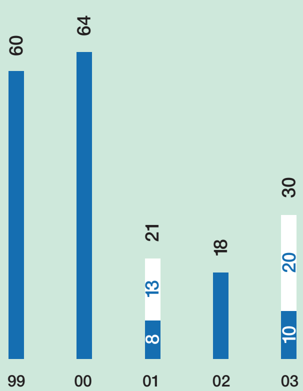
Return on equity†



- Return on equity before amortisation
- Return on equity after amortisation
- Return on equity after REI write-down

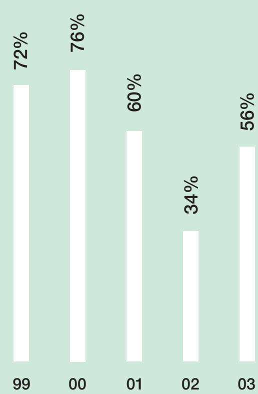
†Equity represents the average balance of equity for the year

Dividends per share



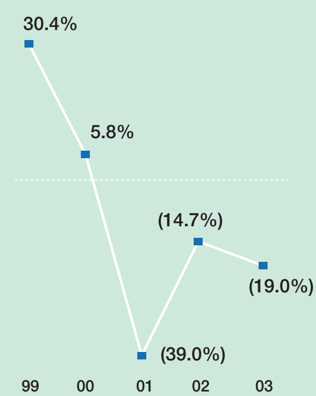
- Fully franked
- Unfranked

Dividend pay-out ratio



- Pay-out ratio

Total shareholder returns*



- Annual total shareholder return (%)

*Excludes impact of the October 2000 off market share buyback

Total shareholder returns (%) =
[(closing share price – opening share price) + dividends per share] ÷ opening share price

Key financial summary

		2003 A$m	2002 A$m
Profit and loss statistics			
Operating revenue		10,114	12,478
Operating profit/(loss) before tax			
before REI write-down		315	391
after REI write-down		(567)	391
Operating profit/(loss) after tax			
before REI write-down		230	226
after REI write-down		(715)	226
Earnings per share			
before REI write-down	cps	52.5	52.1
after REI write-down	cps	(163.1)	52.1
Balance sheet			
Total assets		7,409	8,587
Total liabilities		4,401	4,835
Total shareholder equity		3,008	3,752
Cash		867	904
Net debt		17	35
Return on shareholder equity			
before amortisation and REI write-down	%	8.5	8.2
after amortisation before REI write-down	%	6.5	6.1
after amortisation and after REI write-down	%	(20.2)	6.1
Dividends			
Dividend per share			
fully franked	cps	10	18
unfranked	cps	20	–
		30	**18**
Dividend pay-out ratio	%	56	34

Significant factors

- **Finalisation of Real Estate Investments (REI) strategic review and write-down of REI businesses of A$945 million**
- **Change in dividend policy to pay-out 60% to 80% from 2003 onwards, likely to be unfranked in the short term**
- **Cost reduction initiatives to derive A$88 million per annum in sustainable pre-tax operating savings**
- **Implementation of share buyback program up to 10% of issued shares and approval to be sought for additional 10%**

compelling reasons to change

Chairman's Report

There's no denying this has been a tough year for Lend Lease. The financial performance in reporting a A$714.8 million loss is unacceptable. As a consequence, the Board has made some significant decisions which I believe will assist in turning Lend Lease around, towards a more prosperous future.

A great deal has been written about the factors impacting the performance of Lend Lease. As a shareholder, you deserve an explanation as to how this situation arose.

Lend Lease was pursuing a global integrated real estate model, providing a full suite of real estate services in all regions, spanning funds management; development; and project and construction management. In practice, this meant three business streams in three regions, which targeted cross synergies between each business unit.

This was an immense undertaking, and to be frank, the organisation took on too much too quickly. The difficulty in executing this vision was compounded by a deteriorating global economic environment, particularly in the US. Irrespective of external influences, the Board and management team must take responsibility for the failure to successfully execute this global strategy.

Strategic review

Since establishing this global model in 2001, the project management and construction and development businesses have performed reasonably well. The same cannot be said for some of the Real Estate Investments (REI) businesses, particularly in the US. As a result, the Board initiated a strategic review in June 2002, to determine the most appropriate course of action.

The review determined that in the US Lend Lease took on too many disconnected businesses, creating complexity and a dispersed management focus. Few synergies existed between the REI business and other Lend Lease businesses in this region. These problems were exacerbated by a high turnover of leaders in the US – four CEOs in five years. A decision was made to exit the US REI businesses and this is progressing in an orderly manner.

In Europe, Lend Lease struggled to obtain the scale needed in the REI business to fully capitalise on any business synergies. A great deal of effort was expended with very little reward. The European REI business was scaled back to focus on the retail sector which had been successfully established, while other planned ventures were not pursued.

By contrast, the REI business in the Asia Pacific region was performing well. In Australia, this business is anchored by the management of General Property Trust (GPT) and Australian Prime Property Fund (APPF). In Asia, the Asia Pacific Investment Corporation (APIC) is transforming itself into a retail asset fund and will remain an integral part of the REI business. The Asia Pacific operations are the most integrated, and we continue to take advantage of synergies between the REI, project and construction management and development businesses.

In addition to determining whether businesses should be retained or divested, the strategic review also established the need to recognise a number of write-downs, totalling A$945 million, in the value of various REI businesses in the US, Asia and Europe. Despite achieving a net operating profit after tax of A$230.2 million, the magnitude of these write-downs led to reporting a loss of A$714.8 million this year.

New leadership

Last year, the Board determined the organisation would benefit from a change of leadership. In December 2002, Greg Clarke was appointed Group Chief Executive Officer and Managing Director.

Greg brings more than 20 years' experience in international business development and operations as Vice President, Cellular (Paris) for Nortel Communications; Chief Executive, Mobile for C&W Mobile plc; Chief Operating Officer and then Chief Executive, Cable & Wireless Communications plc. He has considerable experience in operations management, team building and business development at an international level.

In September 2003, Joanne Curin joined the Board as Finance Director, to succeed Robert Tsenin, who retired on 31 August 2003. Joanne also brings a broad range of international experience to Lend Lease, following a successful career as a senior finance executive and director.

Since taking up his role, Greg has built a strong team around a new regional structure, focusing on sectors and markets where we have a strong foundation of knowledge, and where business opportunities exist that are suited to the capabilities of Lend Lease. He has also initiated a program of significant cost savings, and is establishing a strong culture of management accountability. The Board is confident his capabilities and management style are well suited to Lend Lease, and come at a time when the Company can only benefit from his commitment and focus.

Board initiatives

A number of key decisions were made this year, which focus on improving shareholder returns. We have changed the dividend policy to distribute a higher proportion of earnings to shareholders by lifting the pay-out ratio to between 60% and 80% of operating profit. This pay-out ratio was adopted from the 2003 final dividend, paid in September, which was 20 cents per share unfranked, compared to 10 cents fully franked for the 2003 interim dividend and 9 cents fully franked this time last year. As the Group has unrealised Australian tax losses, we also expect both the 2004 interim and final dividends will be unfranked.

The conclusion of the REI strategic review enabled us to engage in a more active approach to capital management. The objective is to move towards a more optimum capital structure, which will take some time. Today, the Group has surplus capital and, to that end, the Board commenced an on market share buyback of 10% of the issued capital of the Company, representing approximately 43.5 million shares, in June 2003.

With over A$700 million in net proceeds to be received from the exit of the REI businesses, and A$160 million from the sale of the interest in IBM Global Services Australia, the Group will continue to have surplus capital at the completion of the buyback. As such, we will seek approval from shareholders at the Annual General Meeting in November to buy back on market a further 10% of issued capital, or approximately 44 million shares. These buybacks will accelerate growth in both earnings per share and return on equity.

Changes to the Board

In May 2003, I was appointed to the position of Chairman following the resignation of Jill Ker Conway. I take this opportunity to thank Jill for her commitment to Lend Lease, during her term as a Director and Chairman. I also acknowledge other retiring Directors this year, namely, Robert Tsenin as Finance Director and David Higgins as Managing Director, and Non Executive Directors Albert Aiello, Yong Hai Chua and Rudolf Mueller.

We are currently undertaking a global search to identify new Directors to establish a Board with a diverse range of skills and experience best suited to Lend Lease. This process is progressing, and I look forward to reporting a favourable outcome in due course.

Together with the Board, and all Lend Lease employees, I am focused on improving the performance of Lend Lease for shareholders. We obviously still have a lot of work to do, but I am confident the Group is now on the right track. ∎

David Crawford
Chairman,
Lend Lease Corporation

building on our strengths

Chief Executive Officer's Report

Lend Lease is a great Company with an exceptional heritage. When I joined in December 2002, the organisation was experiencing some major challenges. Yet there were also a number of valuable assets, not least the many talented people who work for the Company. The attraction for me was the opportunity to work with them to return the business to a firmer footing, and to restore its credibility with our shareholders, customers, employees and peers. I was fully aware that, to achieve this, we would have to undergo a difficult phase of change and transition.

Much of this is behind us now. While it was disappointing to report a loss of A$714.8 million after tax, as a result of the two Real Estate Investments (REI) write-downs that we announced earlier this year, Lend Lease remains fundamentally strong. The Group's core operating businesses performed well in 2003, delivering an operating profit after tax of A$230.2 million, which was in line with the guidance we had given the market throughout the year.

Importantly, our continuing operations strengthened to deliver an after tax profit of A$198.1 million, a 13% increase. The 2003 operating profit also includes a net A$32.1 million after tax contribution from the discontinuing REI businesses. Within our business sectors, Bovis Lend Lease delivered another strong result, with profit up 19% to A$134 million after tax. Our development business had a stronger second half, resulting in a profit of A$32 million after tax. And our continuing REI businesses recorded a 16% increase in profit to A$93 million after tax, with profit from non core investments down 14% to A$22 million after tax (excluding Westpac hedge profit reported in the 2002 results).

Refocusing the business

One of my first priorities as CEO was to review our business and determine the optimum model to grow earnings and shareholder value. These considerations, and the decisions that resulted from them, needed to be swift, strategically aligned to our core business capabilities, and pragmatic.

It was clear that Lend Lease needed to simplify its spread of operations and focus on its established strengths in each of the major regions, rather than continue with the dual global business platforms of Real Estate Investments (REI) and Real Estate Solutions (RES). This has led to a dramatic reshaping of our business, requiring significant – and often difficult – decisions. While I regret the personal impact this has had on a number of our people, the decisions we have taken were necessary to strengthen the Company for a more secure future. I would like to thank all of those who left the business this year for their professionalism and for their contributions to Lend Lease.

One of the most difficult decisions we agreed was to exit many of the REI businesses, including those in the US. The majority of these transactions are either completed or well underway and our aim is to conclude this process by the end of 2003.

Regional and sector focus

Lend Lease is today a leaner, more focused company. We are concentrating on sectors and markets where we have a strong foundation of knowledge and experience, and where business opportunities exist that are suited to our capabilities.

In February 2003, we announced a new management structure. Its objective is to simplify our organisation to meet the challenges of tougher economic conditions in a more uncertain world.

We have reorganised the business under regional leadership and are bringing in new senior talent to augment that already in place. We operate in three regions: Asia Pacific; the Americas; and Europe, which includes parts of the Middle East and Africa. Regional leadership will enable us to adapt and apply our services to meet clients' needs within each local business climate.

Our global activities and clients also benefit from dedicated leadership. Global Services incorporates our Global Markets Group, which focuses on global clients, global sectors and global initiatives such as procurement and knowledge management.

With the benefit of a more cost effective structure, the executive management team is re-energising our business to deliver more consistent earnings growth. This is facilitated through a business model that better aligns our focus with our skills and with the best opportunities in each sector and region.

Real estate focus

Lend Lease remains a real estate services company. We utilise our global project and construction management capability to leverage a range of development services and investment management skills in our core markets. Our business mix allows us to deliver services globally through Bovis Lend Lease and its global clients and markets. Within regions, we can adapt our offer as needed, with the ultimate synergies gained when we combine the resources of Bovis Lend Lease, our development services businesses and real estate funds management operations.

While this business model allows us to harvest global and regional synergies, it also provides the flexibility to address market differences. The selection of sectors and businesses we focus on within each region is based on our competitive strengths, corporate skill base, and the market and regulatory factors in that region.

Bovis Lend Lease is a world-class project and construction management business. It leverages this expertise to win higher margin projects.

Our integrated development services businesses are focused on key sectors, such as retail and healthcare. The residential sector is also a major focus, with specialist skills in the development of mixed-use communities and military housing facilities. Based on our success in Asia Pacific, we are seeking – and winning – more integrated development projects in the Americas and Europe.

From a funds management perspective, we are primarily focused on the Asia Pacific region with a small number of large capital clients, such as General Property Trust (GPT), Australian Prime Property Fund (APPF) and Asia Pacific Investment Corporation (APIC). In Europe, we will look to grow our retail funds management business.

Cost base focus

One of the issues facing us last year was an unsustainable level of overhead costs. We made significant progress on this in 2003, achieving a sustainable pre-tax cost saving of A$88 million per annum, which resulted from the restructuring of our business and a number of savings initiatives. We will continue to concentrate on cost control, with our goal to operate from a cost base that is commensurate with the size, scope and geographic spread of our business. We will maintain a vigorous focus on managing costs, to ensure these savings are sustained and further reduced in years to come.

Management skills focus

Lend Lease has always been known as a leader in training and developing its workforce, and this continues as a priority. I am personally committed to strengthening management skills across the Group. Recent key appointments are introducing fresh thinking, and we are now rolling out a major management development program with the London Business School and Columbia University.

Future focus

With our transition largely behind us, we are continuing to strengthen our performance by focusing our strongest skills and specialised knowledge across fewer countries and sectors. We have organised ourselves more efficiently to achieve this, and our operational focus will generate greater accountability across our management teams.

This has been an immensely challenging year, but I am confident Lend Lease is now well placed to return reliable earnings growth in both reported after tax earnings, and on an earnings per share basis over the coming years. We are in a very strong financial position, enabling us to invest for organic growth, take advantage of acquisition opportunities, and return more capital to shareholders.

Lend Lease remains a great company and my goal is to build on its history, its strengths and its tremendous potential. ∎

Greg Clarke
Managing Director and
Chief Executive Officer,
Lend Lease Corporation

regional focus

Asia Pacific

Lend Lease specialises in creating, enhancing and managing real estate assets across the Asia Pacific region. For over 40 years, we have developed, constructed and managed assets across many sectors, from office towers, hospitals and airports, to shopping centres, water treatment plants and residential communities.

The Group continues to service a range of real estate needs, developing innovative and tailored solutions by applying a comprehensive set of skills from project management, design, development, construction and marketing, to investment, asset and funds management.

While each business unit is focused on delivering results that exceed benchmarks, further value is also realised when the skills of each business are combined to deliver integrated solutions. Nearly one third of the region's profit in 2003 originated from business units working together.

Lend Lease had a busy year in Asia Pacific, celebrating many important milestones and achievements.

Among the more challenging projects was Bovis Lend Lease's involvement in the clean up of Canberra following devastating firestorms in January, which destroyed 530 homes and many other properties. Responding to a call from the ACT Government, Bovis Lend Lease worked with local residents and multiple insurance companies to ensure the clean up was completed by June.

Future focus

Business synergies present the greatest opportunity for Lend Lease in the Asia Pacific region. Delfin Lend Lease and Lend Lease's development business will continue to foster relationships with large land holders to form partnerships and development agreements, while delivering key projects such as Rouse Hill, Victoria Harbour and Twin Waters.

Bovis Lend Lease will focus on leveraging key client relationships to grow repeat business, tapping into existing strengths within retail, commercial, industrial and residential skill sets, and building our presence in sectors such as life sciences, telecommunications, infrastructure, hotels and leisure.

The investment management business will focus on continuing to deliver investment performance across a range of products in the region, including General Property Trust (GPT), Australian Prime Property Fund (APPF), Asia Pacific Investment Company (APIC), the Real Estate Partners (REP) fund series and Lend Lease Real Estate Securities. This will be achieved by building quality portfolios for each of these funds, securing good returns for investors.

Sector focus

Mixed-use

Lend Lease delivers mixed-use solutions across a range of areas, from inner urban high density developments, to outer lying regional communities. These projects can incorporate a variety of usages, including office, residential, retail, infrastructure, community and recreational facilities. Mixed-use developments can be structured around numerous models, including the use of third party capital, in joint venture agreements, or via pre-sale arrangements.

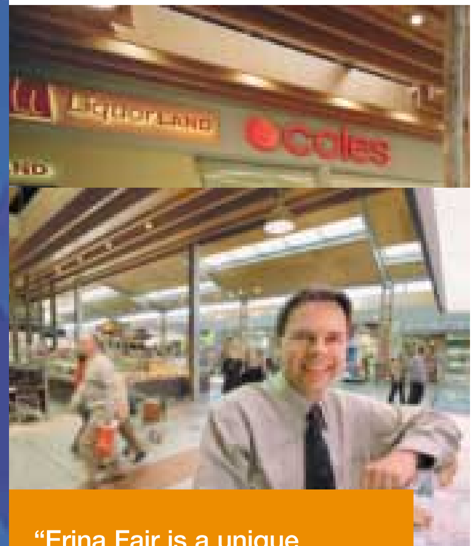
This year, we demonstrated the value of our integrated offering when the NSW Government named Lend Lease and GPT preferred tenderer for the development of the A$1 billion Rouse Hill Regional Centre in north western Sydney, one of the fastest population growth corridors in the State. This integrated mixed-use community brings together retail, residential, educational, community and commercial uses in one of the few remaining green field sites in Sydney. The opportunity was secured in partnership with GPT, and draws on skills from all business units.

In Victoria, the State Government approved the master plan for the A$2.5 billion Victoria Harbour development earlier this year. Lend Lease is leading the rejuvenation of this important historical precinct, once the site of Australia's busiest port. This project will include office, residential, retail, leisure, community and sporting facilities.

The A$1 billion Jacksons Landing mixed-use development in Sydney continues to enjoy success, with 50% of units selling within two hours of release in the newest residential building 'The Quarry'.

Other highlights within this sector include the acquisition of Twin Waters Resort in Queensland, and the signing of a Memorandum of Understanding with Daikyo for the development of strategic sites on Queensland's Gold Coast. Both secure sites and agreements for mixed-use development opportunities in the growth region of south east Queensland. →

Locals embrace Erina Fair



Case Study/Asia Pacific: Erina Fair, New South Wales, Australia

Erina Fair, on the New South Wales Central Coast, is one of Australia's top performing regional shopping centres. Even as new competitors emerged, the centre has retained this status for several years due, in no small way, to its planned and strategically executed evolution.

Erina Fair is jointly owned by the Lend Lease managed funds General Property Trust and Australian Prime Property Fund, and is managed by Lend Lease's retail group. The centre's A$210 million redevelopment will be complete in late 2003, growing the asset from 68,000 square metres to around 106,000 square metres. Bovis Lend Lease is undertaking the centre's expansion.

The Erina Fair redevelopment is a significant project for Central Coast residents, many of whom have influenced key project decisions. More than 2,000 locals participated in research studies and many more provided feedback through community presentations, letters and meetings.

Several residents also enjoyed starring roles in Erina Fair marketing material including hoarding graphics, press advertisements and leasing material.

In response to this loyalty, locals and tourists will be rewarded with a world-class facility that meets a suite of essential shopping needs and provides a host of recreational delights.

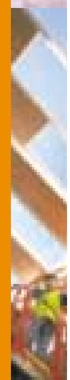
Key features of the redevelopment include a new ice skating rink, gymnasium and community facilities, including a new branch library, community hall and youth recreation centre. A new town square named 'The Hive' will become the heart of the centre, a landscaped community space featuring local art works flanked by restaurants and cafes.

Lend Lease demonstrates its commitment to environmental sustainability on this project through energy saving and waste reduction initiatives, the clever design and recycling of construction materials and a naturally ventilated conservatory style eatery called 'The Atrium'. And, as a major investor in the local community, the centre owners have also helped fund the Council's plans for an integrated traffic management system.

Erina Fair will be a leading edge community, entertainment and retail space, redefining the role of the traditional shopping centre – a place that has evolved with its community, and responds to the growing needs of this community.

"Erina Fair is a unique collaboration between Council and commercial enterprise to deliver real benefits to the community, with a new generation community centre, youth facilities and a library. This versatile community centre will attract both resident and business group users."

Mayor Robert Bell (pictured above)
Gosford City Council



This year the Asia Pacific region contributed A$99.3* million towards the Lend Lease operating profit after tax

Asia Pacific continued

Residential communities

The achievements of Delfin Lend Lease over the last 12 months are testimony to the strength of key relationships with its consumers, governments, authorities and land holders.

The agreement signed with Boral, in August 2002, for the development of 330 hectares of land in western Sydney, is now coming to life with the launch of the A$750 million Nelson's Ridge mixed-use community. Also in western Sydney, the NSW Government has released the first parcel of St Marys' land for development, enabling precinct planning by Delfin Lend Lease and ComLand to begin on this A$2 billion project. Delfin Lend Lease is involved in creating 20 communities around Australia, with a backlog of around 35,000 lots.

In other residential highlights, Bovis Lend Lease is delivering Brisbane's tallest apartment building, the 67 level, A$110 million Aurora, drawing on the multi-storey residential knowledge from similar projects underway in Canberra, Sydney, Melbourne and Brisbane.

In China, ING Real Estate selected Bovis Lend Lease for stage two of the luxury residential Shanghai Racquet Club, after successful delivery of stage one.

Commercial

The National Australia Bank is relocating its Australian headquarters to Victoria Harbour, and stage one of this iconic A$240 million office building is almost complete. Bovis Lend Lease is responsible for the project management, design and construction of this building for the owner, GPT.

Bovis Lend Lease was appointed to design and construct a A$138 million office tower in Melbourne's CBD and commenced work on the A$270 million Sydney CBD office tower, designed by Sir Norman Foster.

Industrial and infrastructure

In China, three GE companies have used the skills of Bovis Lend Lease to deliver industrial facilities for chemical, fibre optics and medical components. The A$205 million alliance contract with Sydney Water Corporation has seen more than half of the planned 220 pumping station upgrades delivered, improving the water quality of beaches and harbours. In transport, Bovis Lend Lease has started work on the Parramatta Rail Link, a A$1.4 billion infrastructure project. Work on the A$60 million stage two of Camellia Industrial Estate, which is being designed and constructed by Bovis Lend Lease for GPT, has followed the successful completion of the new API facility in stage one.

Retail

Lend Lease's retail group manages 18 shopping centres and 14 bulky goods retail centres across Australia, as well as Singapore's strongest performing suburban mall – Parkway Parade. Four of Australia's top ten performing shopping centres are managed by Lend Lease, evidence of the Group's commitment to achieving retail success for retailers, investors and customers. These assets are managed on behalf of Lend Lease managed funds, GPT, APPF and APIC.

A staged program of retail development works is designed to ensure the assets remain relevant and meaningful to their communities. Around A$1.5 billion of retail developments are underway or planned over the next five years and will be project managed by Bovis Lend Lease. Projects underway include the A$210 million redevelopment of Erina Fair on the NSW Central Coast (see Case Study page 13), and the A$225 million redevelopment of Melbourne Central, set to transform this centre into a CBD retail and entertainment icon.

A community and leisure focused redevelopment is proposed for Macarthur Square in Sydney's south west, with the recent lodgement of a development application proposing a A$160 million scheme.

Investment focus

Lend Lease continues to serve the capital raising and investment management market in this region. The Group manages over A$12 billion of funds and assets on behalf of retail and wholesale investors via numerous funds including GPT, APPF, APIC, the REP series of funds and Lend Lease Real Estate Securities.

The funds continued their growth over the year, supported by strong, global demand for property as an investment sector and strong risk adjusted performance. APPF secured more than A$300 million in new equity and the second Real Estate Partners fund was launched, following the success of the first fund in the series. GPT and APPF continue to enhance performance through capitalising on development opportunities across their retail assets. GPT also enhanced its portfolio with a number of refurbishments and acquisitions in the office, hotel and industrial sectors. ▮

*This contribution excludes the impact of non core investments and net corporate overheads, amortisation, treasury, restructure costs and the REI write-down

Stylish living in South Australia

> "Delfin Lend Lease has embraced the challenges of commercially delivering a socially and environmentally advanced community that is a focus for business attraction. Mawson Lakes is an important project for South Australia both economically and in its contribution to keeping the State at the forefront of the world in innovative urban development."

Bruce Harper
Chief Executive,
Land Management Corporation,
Government of South Australia

Case Study/Asia Pacific: Mawson Lakes, South Australia, Australia

Delfin Lend Lease is committed to creating special places. Creating communities where people want to live, and places that encourage pride of ownership, peace of mind and a sense of belonging.

Mawson Lakes, a A$1 billion project due to be completed in 2010, is one of 20 Delfin Lend Lease projects currently underway. It is the result of an exceptional partnership between Delfin Lend Lease and the South Australian Government's Land Management Corporation further supported by the City of Salisbury and the University of South Australia.

Located 12 kilometres north of the Adelaide CBD and less than one hour's drive from the world renowned Barossa Valley wine region, Mawson Lakes is emerging as one of the city's most sought after addresses. The area will eventually grow to a community of 10,000 people, with around 4,000 homes, spanning 620 hectares. The community will ultimately generate up to 10,000 permanent jobs.

With the picturesque Sir Douglas Mawson Lake as its centrepiece, Mawson Lakes embodies the Delfin Lend Lease 'live, learn, work and play' philosophy. It features a range of desirable living options, education and recreational facilities.

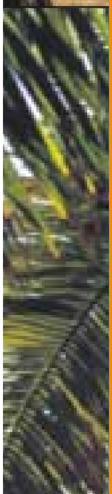
Bovis Lend Lease is constructing Mawson Lakes' bustling town centre, transforming it into a vibrant community heart.

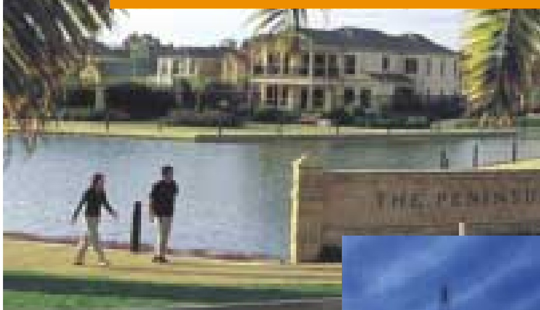
Mawson Lakes features two key business addresses. Technology Park, home to research centres, defence, electronics and information technology companies, is complemented by the burgeoning Mawson Central, a diverse and energetic precinct where commercial, retail and education facilities adjoin innovative inner city style apartments, urban warehouses and homes.

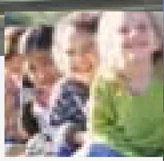
Education is the cornerstone of the Mawson Lakes community. A University of South Australia campus with a special research focus on information technology and electronics is located on site.

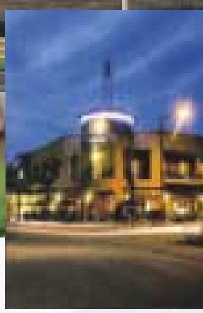
Mawson Lakes also incorporates many ecological and technological state-of-the-art features, such as telecommunications pre-wiring and electronic home management systems. Further innovations include dual water supply, that will ultimately result in a 50% reduction in potable water use and a strategy to reduce household energy use by up to 50%.

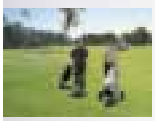
At the cutting edge of urban design, Mawson Lakes is a showcase for what can be achieved when government and commerce work hand in hand.

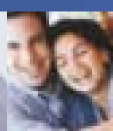












This year the Europe, Middle East & Africa region contributed A$71.5* million towards the Lend Lease operating profit after tax

Europe, Middle East & Africa

Our businesses in the UK and Continental Europe, as well as parts of the Middle East and Africa are managed within a region we term Europe, Middle East & Africa (EMEA). Bovis Lend Lease represents most of our business in this region, and is a market leader in the UK. Lend Lease's development services businesses are growing in this region, with the recent award of key projects. At the end of the financial year, we narrowed our real estate investment management focus to the retail sector, integrating our investment management skills within the retail development business.

Lend Lease maintains offices in over 20 countries across the EMEA region with the majority of business activity occurring in the UK, Spain, Germany and the Czech Republic. Services include development, project, construction and asset management as well as investment and property management in the retail sector.

This business enjoys strong sector diversity, focusing on commercial, healthcare, defence, urban communities and retail. Growth in the latter sectors offsets moderating activity in the commercial sector. Fifteen major clients account for approximately half of our profit, demonstrating that long term relationships underpin a business strategy driven, to a large extent, by repeat business with clients including BP, Stanhope, Land Securities and the National Health Service.

Future focus

The business in the EMEA region has progressed significantly over the last year and is well positioned for growth. This is expected to be realised through maintaining a balance of work across private and public clients, helping to lessen the impact of market variations. Strong bonds with key clients and major project conversions should continue to build further business in this region.

Sector focus

Healthcare

Over the next five to seven years the National Health Service plans to initiate projects valued at £2 billion per annum on the renewal and refurbishment of healthcare facilities across the UK. Catalyst Healthcare Management (Catalyst), a wholly owned subsidiary of Lend Lease, enjoys a strong reputation in this sector, with a history of delivering innovative solutions focused on the needs of clinicians and patients.

Most major hospital projects in the UK are based on the Private Finance Initiative (PFI) model, whereby the UK Government works with the private sector to finance and deliver public sector assets. Catalyst typically partners with a financial services organisation and a hospital services specialist, with Bovis Lend Lease taking direct responsibility for construction and maintenance. A PFI contract involves financing, design, construction, maintenance and servicing of the asset for the contract duration, usually around 30 years.

The Group's strategy is to concentrate on large inner city teaching hospitals, targeting a 20% market share. The size and complexity of these projects makes market entry difficult for competitors. In the UK, Catalyst is involved in eight projects with a combined capital cost of £1 billion either in operation, delivery or at preferred bidder status. Completed hospitals include the £87 million Calderdale Hospital in Halifax and the £83 million Worcester Royal Hospital. Construction recently started on the Group's first PFI hospital outside the UK, in Brescia, Italy.

Defence

In December 2002, Lend Lease entered this sector through Debut Services, a Bovis Lend Lease and Babcock Infrastructure Services consortium, winning the first phase of the £1 billion Project SLAM (Single Living Accommodation Modernisation) for the UK Ministry of Defence. (See Case Study on page 18). A second phase of Project SLAM is in the planning process.

In addition, the UK Ministry of Defence is set to award four major Regional Prime contracts over the next two years. These involve the creation and maintenance of facilities needed for defence activities such as runways, control towers, jetties, offices and depots, worth up to £2 billion over the seven to ten year contracts. Debut Services is short listed for two of these projects. It is one of three bidding on the South West Prime contract and one of four on the Central Prime contract. South West Prime is due for award in late 2003 with Central Prime following in mid to late 2004. Each of these projects has an aggregate value of over £700 million, consisting of a mix of capital and maintenance spend. The Group is also targeting a 20% market share in this sector.

Urban communities

A major highlight of 2003 was receiving unanimous outline planning consent from the London Borough of Greenwich Planning Board for the regeneration of the 77 hectare Greenwich Peninsula site in south east London. Approval from both the Mayor of London and the Secretary of State followed. This £5 billion, 20 year project will be undertaken by Meridian Delta Limited, in which Lend Lease has a 51% interest. The balance is held by Quintain Estates and Development plc. The project includes a new 26,000 capacity arena, 10,000 new homes and over 3.5 million square feet of commercial, retail and community facilities. Our regeneration group is also focusing on additional opportunities including the £600 million Bradford regeneration and the £800 million Leeds regeneration projects together with opportunities in Salford, Leicester and Blackburn.

Retail

With £1.9 billion assets under management, Lend Lease is the largest third party fund manager in retail assets in the UK, and a leading retail developer. The Lend Lease Retail Partnership, an unlisted property fund, has consistently delivered strong performance since commencement in 1999, with continuing secondary market activity in its shares totalling £100 million at a premium to net asset value. The Partnership owns 25% of Bluewater and 100% of Touchwood retail centres.

During the year, Lend Lease's UK retail centres, Bluewater in Kent, Touchwood in Solihull and Overgate in Dundee welcomed 55 million shoppers who spent in excess of £1 billion. Bluewater gained further acclaim by winning Retail Week's *Retail Destination of the Year*, the International Council of Shopping Centres' *Solal Marketing Award*, and the British Council of Shopping Centres' *Purple Apple Award*.

Other retail highlights included the commencement of construction of the £275 million Chapelfield retail centre at Norwich, and resolution to grant planning permission for the £400 million master vision proposal, prepared by Lend Lease on behalf of Hermes and Prudential, to enhance and extend *thecentre:mk* at Milton Keynes. This project also has the approval of the UK Government. In addition, Bovis Lend Lease has been contracted to refurbish the £120 million Arndale retail centre in Manchester. Following a successful opening in September 2002, Lend Lease sold its 50% interest in the TresAguas retail centre in Madrid to Metrovacesa S.A. for €28 million.

Commercial

Bovis Lend Lease has a 40% share of approximately £2.5 billion in work awarded annually on commercial projects in London. Our strong client relationships enabled us to continue to gain projects despite a downturn in the commercial sector. This year, Bovis Lend Lease secured the £402 million refurbishment contract of BBC's Broadcasting House and neighbouring buildings in London.

Work continues across Europe with the €210 million refurbishment of Shell International's headquarters in the Netherlands and the €280 million Telefonica Business Park in Madrid among notable projects. Significant completions in London include the £130 million Paternoster Square development, adjacent to St Paul's Cathedral and the £80 million Empress State Building, as well as a new £115 million campus for Vodafone near Reading.

Infrastructure

Bovis Lend Lease services a range of infrastructure clients across Europe. Work is continuing on the €980 million project at Barcelona airport terminal. New projects include the €318 million flood rectification program in Dresden, Germany, and construction of a €280 million terminal at Prague airport.

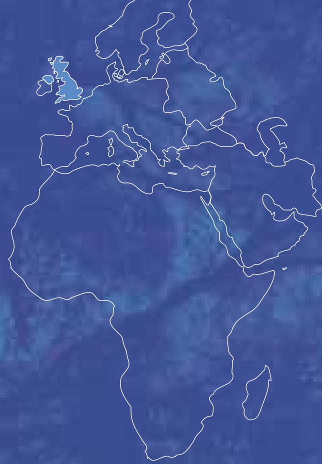
Investment management

It was also a busy year for the non retail components of the Lend Lease real estate investment business in the EMEA region. Lend Lease Global Properties, SICAF completed its investment program, with notable acquisitions including Akeler Holdings SA, a UK based business park investment and development company, for £294 million and Banimmo Real Estate and Banimmo Real Estate Management Company, in a joint venture with the existing management for €270 million. Lend Lease is looking to exit the Global Properties business and is in discussions with management regarding a possible buy-out.

GLL Real Estate Partners GmbH, the Lend Lease joint venture with Assicurazioni Generali, launched its GLL Office Fund and acquired a 75% interest in a San Francisco office tower and a nine storey office building in Madrid. Lend Lease Houlihan Rovers SA launched the Lend Lease SICAV, a European real estate securities fund, on top of several large mandate wins. ∎

*This contribution excludes the impact of non core investments and net corporate overheads, amortisation, treasury, restructure costs and the REI write-down

UK troops right at home



Case Study/Europe, Middle East & Africa: Project SLAM, UK

Bovis Lend Lease is playing a major role in the £1 billion program to re-house more than 17,000 of Britain's single servicemen and women, replacing ageing accommodation with modern quarters at some 50 military bases across England and Wales.

The project will radically improve the quality of life for the UK's armed services assisting the Ministry of Defence (MoD) to retain its highly skilled personnel.

In December 2002, Debut Services, a specially formed consortium comprising Bovis Lend Lease and Babcock Infrastructure Services, was appointed to manage the first phase of Project SLAM (Single Living Accommodation Modernisation) for Britain's MoD. Projects may be initiated during a five year initial term, and involve up to two years' construction, followed by seven years' maintenance, giving a total contract span up to 14 years.

Debut Services combines the considerable international project and construction management skills of Bovis Lend Lease with the military facilities management experience of Babcock Infrastructure Services.

Construction started in April 2003. Over the next 12 months work will commence on 4,000 new accommodation units at 34 locations in England and Wales. All are being built simultaneously, creating an enormous planning and logistics exercise for Debut Services and its many suppliers.

Project SLAM also offers Britain's construction industry a valuable opportunity to redefine best practice through a large, high profile operation. Meeting the quality and value for money expectations of the MoD will place enormous demands on suppliers and subcontractors, who are chosen for their ability to deliver. The incentive for all parties is the opportunity to participate in a second phase of SLAM, beginning in 2008, which is expected to be bigger than phase one.

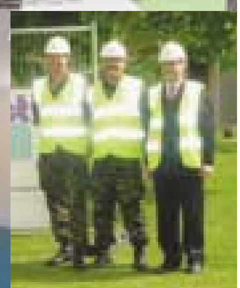
Project SLAM employs the MoD pioneered 'prime contracting' – which aims to speed up delivery while harnessing innovation at every step in the supply chain. Bovis Lend Lease is confident it can respond to the challenge, applying the expertise it has built from relationships like the BP Global Alliance.

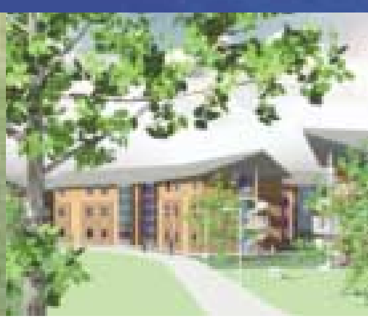
For the Lend Lease European business, Project SLAM is an important step towards becoming a leading provider in the military sector. The experience gained on this project is already being applied to other major MoD contracts for which Lend Lease is now bidding.

Combined with the Actus Lend Lease military housing projects in the US, the Group is establishing an impressive international presence in this market.

"By using MoD's 'smart procurement' principles, procurement is more effective in terms of time, cost and performance. One of the first innovations was to co-locate and integrate the Debut Services and Defence Estates teams. This promotes greater collaboration, allowing us to concentrate on exceeding customer expectations."

Peter Hughes
Integrated Project Team Leader, Defence Estates





The Americas

Lend Lease maintains a leadership position in the US property business, primarily through Bovis Lend Lease and Actus Lend Lease.

Bovis Lend Lease is the third largest construction manager in the US and has ranked among the top three companies in this field for the last seven years. We operate from over 19 strategically located offices as well as many project sites throughout the Americas.

Existing clients generate around 86% of the Company's business in the US, a testament to the ability of Bovis Lend Lease to build client relationships based on trust, integrity and respect. We tailor solutions that add value and ensure that a 'client', as opposed to 'project', mindset prevails.

Our client-centric management philosophy ensures premium service worldwide, with the client management team closely aligned to clients' strategic goals. Long term relationships have evolved with many clients in the US, including Merck, HCA, Millennium Partners, ALDI and BP Amoco. Ten clients in this region currently account for over one third of Bovis Lend Lease's total gross profit margin.

Sector specialisation, regional diversification and an intense focus on clients differentiate Bovis Lend Lease from competitors, and helps mitigate against the impact of environmental and market challenges. This sector specialisation spans a wide range of recession resilient market sectors, with strategic focus on growth areas including healthcare, pharmaceutical, commercial, education, residential, senior living, government and military housing.

Future focus

Bovis Lend Lease will achieve growth by continuing to focus on key clients and growth sectors. In addition, the Group will explore growth opportunities in new sectors, such as student housing, hospitality, sports and entertainment. The Group will also look for business opportunities in new locations, such as the Midwest and Southwestern regions. The Southwestern region is the strongest residential growth market in the US, with annual residential construction growth estimated to reach 6%. The Group is exploring strategies to capitalise on this market in the next 18 months.

Student housing

The US higher education boom is expected to peak in 2008-2010, resulting in massive capital spending on student housing. This is an ideal opportunity to leverage our residential and military housing capabilities, as well as our relationships in the education sector, and represents a key growth strategy for Bovis Lend Lease.

Sector focus

Healthcare

Bovis Lend Lease is highly skilled at managing the complexities of constructing state-of-the-art healthcare facilities. We create client value by applying our extensive knowledge and experience to feasibility and efficiency studies, master planning, development management services and program and construction management.

Our ability to understand, evaluate and quickly address client needs with innovative solutions engenders client loyalty and repeat business. For example, this year, one of our key clients, the leading US healthcare services provider, HCA, awarded Bovis Lend Lease the US$92 million Medical City Dallas Hospital contract. This follows our successful management of over US$1.4 billion worth of construction work in 22 states for HCA, with US$447 million currently under contract.

The value of client focused relationships is further evidenced with the award of the US$200 million New York Weill Cornell Medical Center's clinical building contract for the New York Presbyterian Hospital. This followed the successful completion of over US$750 million in construction for the hospital. (See Case Study on page 21).

Education

Bovis Lend Lease has a passion for facilitating educational excellence, specialising in the construction and renovation of all types of educational facilities from kindergartens to universities. The Group is currently undertaking around US$2.7 billion worth of construction projects for numerous clients including the Charlotte-Mecklenburg School Board, the Atlanta Board of Education, the Abbott School Program and the Los Angeles Unified School District.

Bovis Lend Lease continues to grow in this market, with two major construction programs in California. As program manager for the US$270 million Long Beach Community College, we are responsible for numerous construction projects over the next ten years. The Group continues to manage a US$240 million building program for the Los Angeles City College. →

This year the Americas region contributed A$134.9* million towards the Lend Lease operating profit after tax

The Americas continued

Residential

In the US, Bovis Lend Lease is a leading builder of apartment complexes, senior living and residential projects. Our expertise includes feasibility analysis, structured finance solutions, development management services and program and construction management.

The Group manages US$1.7 billion worth of residential projects across the US and was recently awarded the contract for the US$76 million 'Building G', the fifth building to be constructed at Trump Place @ Riverside South in New York. The Battery Park City Site 19B will be the first Bovis Lend Lease 'green' building in New York. This highly efficient design is based on sustainable building products. Construction of the US$120 million San Francisco Pier is expected to commence in late 2003.

Senior living

Bovis Lend Lease manages over US$300 million worth of projects in this highly specialised market. Building for retirement communities includes the construction of single person homes, multi-storey apartment buildings, skilled nursing and assisted living facilities and communal centres. Projects include The Cedars in North Carolina, The Heritage in Tennessee and The Summit in Virginia.

Commercial

We specialise in constructing leading edge commercial buildings, refurbishments, workplace solutions and tenancy fit-outs.

Projects awarded to the Group this year include the Fresno IRS Compliance Facility in California and the CNBC Global Headquarters fit-out project in New Jersey.

These projects add to an array of commercial contracts across the US including high-rise office buildings in Chicago, New York and Boston; a Technology Park for New Dominion in Virginia; and the Billy Graham Center for World Evangelism in North Carolina. The large portfolio of commercial projects positions Bovis Lend Lease to benefit from the anticipated improvement in the commercial market over the next 12 months.

Mixed-use

The construction, renovation and restoration of mixed-use facilities, incorporating a mix of commercial, residential, retail and hotel usages, remained strong during the last 12 months, with the successful completion by Bovis Lend Lease of the US$200 million Espirito Santo Plaza in Florida and the multi-million dollar conversion of the landmark Georgetown Incinerator site in Washington, DC. Work is almost complete on the Four Seasons Hotel & Tower – Miami. It continues on the AOL Time Warner Center and 731 Lexington Avenue, two of the largest mixed-use projects in New York, as well as on Park Residences in Boston and 3303 Water Street in Washington, DC.

Conditions in this sector have held up well in 2003, with New York, Miami, Washington, DC and California the strongest markets. In addition, Bovis Lend Lease recently secured the Laureate Park mixed-use and hotel development in Jackson, Mississippi and the American Tobacco facility in Durham, North Carolina.

Military housing

Actus Lend Lease develops military homes and communities for the Department of Defense through the Military Housing Privatization Initiative. Since 1999, Actus Lend Lease has been awarded contracts to privatise approximately 12,500 housing units for the Army, Navy and Marine Corps. It has also built over 16,000 homes under conventional military construction contracts.

Actus Lend Lease is currently developing and operating two privatisation projects for the Army, with a combined 50 year project revenue of approximately US$4 billion: one at Fort Hood, Texas and another at Fort Campbell, Kentucky.

It is also operating and developing, for the Navy and Marine Corps, a privatisation project for two Marine Corps bases and a Navy hospital at Beaufort, South Carolina with revenue of approximately US$1 billion over the 50 year term of the project.

In addition, Actus Lend Lease has been selected for exclusive negotiations for the Army's and Department of Defense's largest privatisation project. This project in Hawaii will provide over 7,700 homes for the Army and Coast Guard members and their families and will provide over US$5.1 billion in revenue over the 50 year project term.

Over the next five years, the US military will privatise an additional 120,000 to 130,000 units. Actus Lend Lease is prominently positioned to submit bids on a significant portion of this development market. ∎

*This contribution excludes the impact of non core investments and net corporate overheads, amortisation, treasury, restructure costs and the REI write-down

Growing with a New York icon

Case Study/The Americas: New York Presbyterian Hospital, New York, US

The challenge of creating a building is intensified when the brief requires expanding, altering and refurbishing one of New York's oldest and most prestigious hospitals.

Bovis Lend Lease began its successful relationship with the New York Presbyterian Hospital in 1988. After 65 expansion and renovation programs involving US$750 million of construction work we continue to deliver creative solutions catering to the hospital's unique construction needs.

The hospital spans two campuses – the New York Weill Cornell Medical Center and the Columbia Presbyterian Medical Center. Both have undergone extensive construction during the last 15 years.

At the New York Weill Cornell Medical Center, Bovis Lend Lease managed the US$400 million upgrade, which included construction of a 12 storey, full service hospital with a 42,000 square foot platform foundation, partially constructed off site and positioned over a six lane highway. Much of the project was constructed from barge mounted equipment in the East River.

Bovis Lend Lease also managed the installation of US$45 million worth of new infrastructure on this two million square foot campus.

At the Columbia Presbyterian Medical Center, the unique post tension concrete vertical addition to the operating car park is complete. Nearing completion is the Morgan Stanley Children's Hospital of New York, formerly known as the Babies and Children's Hospital, the first and one of the finest hospitals in the world dedicated to the care of children.

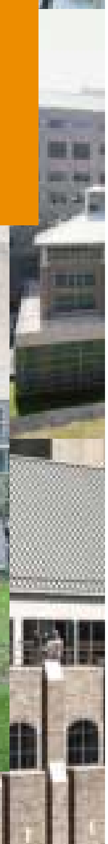
A facilities assessment survey was also conducted across the entire campus. The subsequent remediation plan, now well underway, involves 96 projects across six major infrastructure systems.

This relationship continues to prosper, with the team now studying site options for a US$200 million high-tech ambulatory care facility.

The ongoing and fruitful relationship between Bovis Lend Lease and the hospital demonstrates a high level of mutual respect and trust. It is a testament to the rewards of innovative thinking and client focus.

Achievements on this project are best summed up by **Peter Romano**, a Project Developer and Consultant who has worked extensively with Bovis Lend Lease:

"Given the aggressive scheduling and logistical demands, what was accomplished by Bovis Lend Lease was similar to performing open heart surgery on a marathon runner during a race. We are proud to have them as a member of our team."



This year Lend Lease resolved to exit the Real Estate Investments business in the US following a strategic review. Here we summarise our initial strategy, outline the issues impacting our performance, and provide an update on the exit process

Investment management in the US

The real estate investment management business was clearly unsuccessful for Lend Lease in the US. With the benefit of hindsight, the strategy was a flawed undertaking and contained many deficiencies. The most telling factors were the lack of a well thought through business model and the failure of management to integrate the businesses and execute the business plans.

Other factors which hampered the achievement of this strategy and impacted the Group's performance included changing competitive environments, leadership and management instability, and a failure to build wider distribution networks.

After the strategic review, Lend Lease resolved to exit the Real Estate Investments (REI) business in the US, and entered into a series of agreements to sell various parts of the business, including CapMark Services, Housing and Community Investing, Holliday Fenoglio Fowler, Lend Lease Mortgage Capital and most of the equity advisory business. Final outcomes in respect to the withdrawal from Lend Lease Agri-Business, Value Enhancement Funds, Lend Lease Rosen Real Estate Securities and Rosen Consulting Group remain under review at the date of this Report.

Initial business vision

During the period from 1993 to 2000, Lend Lease acquired a number of real estate businesses. In 1993, the Yarmouth Group was acquired and in 1997, the Equitable Real Estate (ERE) businesses were purchased. Both Yarmouth and the ERE businesses were merged and the ERE Compass property management business was sold at a small premium to Jones Lang LaSalle in 1998.

In 1999, Lend Lease acquired the Boston Financial Group, and its affordable housing syndication business was transformed into Housing and Community Investing (HCI). In addition, an agreement had been reached to acquire a group of AMRESCO's debt businesses, including a large mortgage servicing platform and the Holliday Fenoglio Fowler mortgage banking operation.

The Lend Lease vision for the US REI business was to become a one-stop provider of real estate debt and equity products and services to institutional clients, with a broadened reach to retail and high net worth investors. The strategy was to enable clients to invest in any of the public-private, debt-equity markets. Investment portfolios across the spectrum of risk-return parameters were to be brokered, bought, sold, serviced and managed by the same company, tailored to clients' needs. A significant investment in a custom designed, technology based asset management program (known as the Enterprise Project) would allow the equity advisory business to leverage scale advantages as assets under management grew.

Obstacles

However, these plans were not realised due to flaws in the strategy and failed execution by management, compounded by several external factors. As a result, anticipated synergies between the Group's businesses did not materialise. Equity clients had limited interest in debt products. Neither HCI nor any of the debt businesses fed substantial new capital into the core equity advisory business, or into each other, and stock market declines pushed relative pension fund real estate allocations over target levels and reduced new investments.

In addition, US pension law hampered Holliday Fenoglio Fowler from brokering transactions for equity advisory accounts. It also prohibited the involvement of Bovis Lend Lease in development projects capitalised by REI clients.

The US REI equity advisory business comprised companies that dominated the slow growth, defined benefit pension arena. Developing new institutional, defined contribution, high net worth and retail capital raising channels – essential to increasing assets under management – proved difficult without an effective distribution network. The highly competitive US money management business and its dispersed market made start up distribution an extremely costly and long term proposition for Lend Lease. Lend Lease also had a relatively low profile in the US, particularly outside the property business.

Discussions with many financial companies regarding alliances or joint ventures made little headway. Although some offered substantial distribution channels, typically these companies wanted control of any partnership, putting Lend Lease in a passive or minority role, with limited influence and significant liabilities.

Despite being part of a large, global real estate company, Lend Lease REI had difficulty successfully competing with the growing number of large, multi-asset class investment companies that were acquiring or expanding their own real estate businesses.

Meanwhile, a series of leadership changes unsettled the core pension equity advisory business, and some investments in funds and client accounts did not perform as well as expected. Clients and their consultants, who expected organisational continuity and stability, placed US REI on watch lists and this restricted the flow of new investment capital.

In addition, co-investment alongside institutional clients remained a pre-requisite for growing managed assets. With running yields below the cost of capital which were to be off-set by back ended capital returns, the Group was reticent to invest too heavily in this way.

The other US REI businesses also faced some problems. Fee compression reduced revenue prospects for HCI, and CapMark required access to low cost capital to continue to compete against larger mortgage servicing rivals like GMAC. Lend Lease Mortgage Capital and Lend Lease Agri-Business were profitable but offered limited growth opportunities.

Strategic review

Early in the fiscal year, facing uneven and unacceptable performance, declining market share, obstacles to growth, diminished return on equity and eroding shareholder value, the Lend Lease Board had to consider whether to inject more capital into the core advisory business to secure service to existing clients, strengthen executive management, and create a high performance culture to turn the business around.

After extensive analysis and consideration, the Board agreed that the return on any such investment would take time and could not be guaranteed. Merrill Lynch was hired to evaluate the joint venturing or sale of all, or parts of the US REI business. News of the strategic review, and the engagement of Merrill Lynch, further curtailed new equity advisory business and, ultimately, led some clients to withdraw funds.

During the review, the diminished prospects for the equity advisory business, as well as other businesses within US REI, became apparent as potential acquirers retreated and, in some cases, clients held back. Lend Lease recognised write-downs in January and May 2003, totalling A$945 million after tax, including a total write-off of the US equity business, as pension funds withdrew or threatened to withdraw assets.

Review outcomes

Following the strategic review, Lend Lease resolved to divest various US REI businesses and, by the date of this Report, the following transactions were in contract or completed:

- GMAC Commercial Mortgage agreed to buy CapMark, the debt advisory business and debt asset management, for approximately US$103 million. The first phase of the transaction closed in July 2003;
- Municipal Mortgage & Equity agreed to purchase HCI for US$102 million. The transaction closed in July 2003;
- Morgan Stanley agreed to assume ownership of the majority of the equity advisory business, including Prime Property Fund, separate client accounts, and the management of Lend Lease US Office Trust;
- Holliday Fenoglio Fowler management agreed on a US$10 million management buy-out, and this transaction was completed in June 2003; and
- Wachovia Corporation agreed to purchase Lend Lease Mortgage Capital for US$42.5 million. The sale is expected to close in September 2003.

Lend Lease continues to pursue divestment of its remaining US REI businesses. The Value Enhancement Funds were not included in the Morgan Stanley transaction as Morgan Stanley already manages a competing US value added property investment vehicle. Lend Lease Agri-Business is attracting buyer interest but, by the date of this Report, negotiations had not proceeded far enough to announce a transaction. The Value Enhancement Funds platform is attracting buyer interest, and discussions are underway with Lend Lease Rosen management, owners of a minority stake in the securities manager, regarding divestment strategies. The exit process is expected to be largely completed by the end of the 2003 calendar year. ∎

The Global Markets Group is focused on global clients and specialised global sectors. This Group also delivers synergies across the wider Lend Lease business in areas such as supply chain management and knowledge sharing

Global Markets

Focus on Global Markets

Global Markets is a diverse group of people, representing over 24 nationalities. The Group works closely with Bovis Lend Lease to deliver project management and construction services to global clients.

The restructure of Lend Lease, in early 2003, facilitated a stronger focus on regional projects and clients. The role of the Global Markets Group, which was initially focused on the pharmaceutical division of Bovis Lend Lease, was expanded to incorporate the specialist telecommunications sector, the pursuit of multi-site work and the projects Bovis Lend Lease does in conjunction with BP under the Global Alliance brand.

Focus on global clients

The Global Alliance is a business unit comprising representatives from BP and Bovis Lend Lease. It was established in 1996 to design, permit, procure, construct and maintain the safest, most efficient and effective retail fuel sites around the world for BP. Aligned business objectives create a 'win-win' business model, delivering benefits to each partner beyond expectations.

The Global Alliance is made up of 300 people across 12 countries in Europe, Mexico and the US. Although it was originally established to focus on BP's retail facilities, the Global Alliance now provides construction and project management services to a number of non retail business groups within BP. These include Air BP, BP Solar, Hydrogen and Global Properties Management and Services. Bovis Lend Lease continues to explore collaborative opportunities within the Alliance as well as outside the Group.

Focus on global sectors

Pharmaceutical

Our pharmaceutical business continues to grow, with over 600 specialists in key pharmaceutical markets around the world, in locations as diverse as Ireland, Puerto Rico, Iceland and Japan. The Group maintains long standing relationships with several global clients including Merck and Wyeth.

The involvement of Bovis Lend Lease in the world's largest biopharmaceutical development for Wyeth in Dublin is nearing completion. (See Case Study page 25). To facilitate further business growth in this sector, new offices recently opened in Ireland, Belgium and Puerto Rico.

Telecommunications

This year, Bovis Lend Lease was awarded the two most significant telecommunications contracts in Asia, valued in excess of US$1 billion. In August 2002, Vodafone appointed Bovis Lend Lease to manage design and construction of 10,000 '3G' base stations in Japan, and in November 2002, Bovis Lend Lease won the contract to construct 5,000 base stations for Nokia, also in Japan. The Group is focused on building on this success with global operators in the Americas and throughout Europe, the Middle East and Africa.

Multi-sites

Major brands including banks and financial services, fast food outlets and retail chains frequently require construction, re-branding or refurbishment across a number of sites. The multi-sites team has been established to develop a new business stream by leveraging experience and expertise to capitalise on this estimated US$30 billion opportunity. Multi-site programs have been delivered for clients including BP, HSBC and ABN Amro.

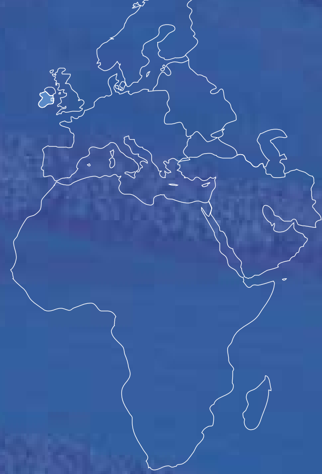
Focus on global synergies

The Global Markets Group is responsible for capitalising on synergies across the Group, in areas including supply chain management and knowledge sharing. Global supply chain synergies offer significant savings opportunities for Lend Lease and its clients. Since December 2002, agreements have been established with suppliers of raised floors, chillers and sanitary ware. We expect targeted procurement synergies will yield savings on corporate and construction expenditure in future years.

Knowledge sharing is encouraged across Lend Lease via *i*konnect*, which is administered through the Global Markets Group and helps to connect employees seeking specific knowledge that may be held by others within the Company. *i*konnect*, which has received over 5,000 knowledge requests, has helped save money, mitigate risk and win projects across the business. Plans are underway to extend *i*konnect* to clients, partners and others in the supply chain. ▮

*Patent pending

Green field triumph



Before: the original site

Case Study/Global Markets: Wyeth Bio-Pharma Campus, Grange Castle, Dublin, Ireland

Overview

– 1.2 million square feet campus
– 90 acre site
– US$1.2 billion capital investment

Schedule

Design	1998/1999
Start on site	October 2000
Mechanically complete	August 2003
Operational (EMEA Licence)	April 2005

Project managing one of the world's largest green field pharmaceutical developments requires resource coordination, planning and an appreciation of the bigger picture.

These essential elements will ensure the Wyeth Bio-Pharma campus development in Ireland proceeds smoothly and to schedule.

Described as a 'multi-project biopharmaceutical campus', it will manufacture healthcare products for treating debilitating conditions such as rheumatoid arthritis, juvenile pneumonia and spinal and facial injuries.

Bovis Lend Lease, with Jacobs Engineering, formed Jacobs Lend Lease, a 50/50 joint venture partnership, to project manage this record breaking campus development in Ireland.

The construction site is literally a town in itself, with more than 3,000 people on location during peak times. Seven hundred professionals from various relevant disciplines will commission and validate the campus that will ultimately be a workplace for 1,300 people, providing a huge boost to the local economy.

In addition to construction management, Bovis Lend Lease brings its knowledge of logistics, IT and information systems to this project. The role concludes with achieving a status known as 'mechanically complete', followed by commissioning, qualification, final occupancy and operation.

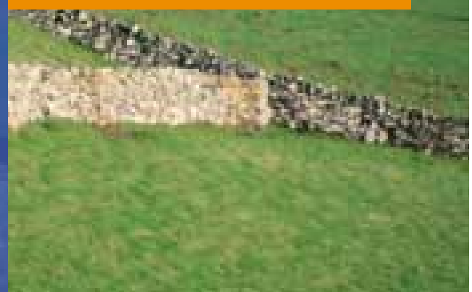
After safety, the main driver on this project was schedule, with April 2005 set for commercial start up. The contribution of Bovis Lend Lease to the planning process proved worthwhile, resulting in the elimination of wet trades, the use of prefabrication where possible and steel framed buildings instead of reinforced concrete. All these initiatives helped to optimise the schedule.

The development's three enormous facilities are supported by infrastructure including more than 50 acres of roadway and parking, warehousing and cold storage and a utilities building to supply the campus with steam, chilled water, compressed gases, electricity and the means to distribute it.

Bovis Lend Lease has expanded its operations worldwide with Wyeth, providing a consistent level of service, regardless of location. In June 2003, Wyeth awarded a project in Puerto Rico to Bovis Lend Lease, and the team looks forward to developing this relationship further.

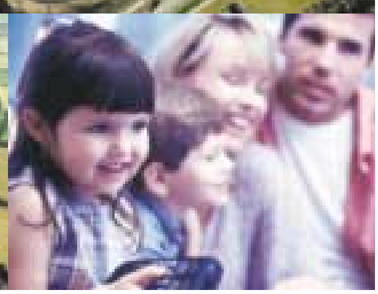
"Bovis Lend Lease has played a critical role, both in design as well as construction management, in bringing the largest Bio-Pharma project, and one of the largest pharmaceutical projects successfully to fruition."

Thomas W Flachmeyer
Project Program Director, Wyeth Medica Ireland, Grange Castle



Approaching completion: car parks are laid and phased occupation begins

Under construction: the buildings take shape



corporate governance

This statement sets out the key corporate governance principles adopted by the Directors in governing the Lend Lease Group. In preparing the statement, the Directors recognise that the Group operates in many different countries. The Company 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.

The main focus of the Lend Lease Board is the long term health and prosperity of the Group for the benefit of shareholders.

The Board places great importance on the governance of the Group and reflecting this commitment, the Board continually reviews its governance practices to ensure these practices promote shareholder value, evaluate the Group's material risks, and address Lend Lease's obligations as a responsible corporate citizen.

New ASX principles and recommendations

The Australian Stock Exchange (ASX) Corporate Governance Council released its Principles of Good Corporate Governance and Best Practice Recommendations on 31 March 2003. The guidelines provide a framework for good governance and include ten core principles and a number of specific recommendations. Companies listed on the ASX are required to report on whether they follow the recommendations on an 'if not, why not' approach for the first financial year commencing after 1 January 2003 (for Lend Lease, the year commencing 1 July 2003).

Lend Lease already complies with the majority of the ASX recommendations. A Corporate Governance section on the Company's website (www.lendlease.com) has been established and will be regularly updated. This will include more information on Lend Lease's governance practices and copies of relevant Board and Committee charters and Company policies.

Board of Directors

Membership

Lend Lease is governed by a Board of six Directors, two Executive and four Non Executive.

			Committee Membership	
	Appointed	Independent	Personnel and Organisation	Risk Management and Audit
D A Crawford Chairman (Non Executive)	2001	Yes		Member
G A Clarke Managing Director and CEO (Executive)	2002	No	Member	
J E Curin Finance Director (Executive)	2003	No		
G G Edington Director (Non Executive)	1999	Yes	Member	Chairman
P C Goldmark Director (Non Executive)	1999	Yes	Chairman	
R A Longes Deputy Chairman (Non Executive)	1986	No		Member

Board composition

The composition of the Board embraces diversity – by skills, experience, age and gender. The Board is in the process of identifying suitable candidates to join the Board. This process is being assisted by the use of external consultants. The rationalisation of the US REI business is expected to be completed by the end of the 2003 calendar year. By this time, we believe it will be possible to attract suitable candidates who can devote the time necessary to the role. The age, qualifications, experience and expertise of the Directors are set out in the Directors' Report.

Retirement and re-election of Directors

Under the Company's Constitution, one third of the Directors (excluding the Managing Director) must retire from office by rotation at each Annual General Meeting, and each Director is subject to re-election by rotation at least every three years. Newly appointed Directors must seek election at the first meeting of shareholders following their appointment. The Board has adopted a policy that, subject to ongoing performance evaluation, Non Executive Directors appointed from 2002 will be limited to a maximum of three terms of three years, which may only be extended by the Board in exceptional circumstances.

Succession planning

Due to the small size of the Board, a separate nomination committee has not been established and the full Board undertakes planning for its own succession by the following process:

- considering the skills necessary to allow it to discharge its responsibilities;
- assessing the skills currently represented;
- identifying any skills not adequately represented and agreeing the process necessary to ensure a candidate is selected who brings those skills;
- engaging in a robust analysis of how Board performance might be enhanced both at individual level and for the Board as a whole.

An international recruitment firm is then commissioned to identify and present appropriate candidates.

Changes to the Board

On 9 December 2002, Greg Clarke was appointed Managing Director and Chief Executive Officer. His hands-on career experience includes roles spanning international operations, technical client services, marketing and sales management, as well as large scale business integration.

On 29 May 2003, Jill Ker Conway retired as Chairman and Director and David Crawford was appointed Chairman.

Joanne Curin was appointed Finance Director on 8 September 2003, replacing Robert Tsenin, who retired on 31 August 2003. Joanne has a broad range of international experience as a senior finance executive and director with a number of large corporations.

As announced in last year's Annual Report, Yong Hai Chua and Rudolf Mueller retired as Non Executive Directors on 8 November 2002; Albert Aiello retired as an Executive Director on 31 December 2002; and David Higgins retired as Managing Director and Chief Executive Officer on 9 December 2002 and as an Executive Director on 31 January 2003.

Directors' independence

The Board has assessed the associations of each of the six Directors in office at the date of this Report and considers three of them to be independent. The three Directors who are not considered independent are the two Executive Directors, Greg Clarke and Joanne Curin, and Richard Longes who is not considered independent due to the length of his service on the Board.

None of the three independent Non Executive Directors has ever been an employee of the Group and the Board considers that none has business or other relationships that could materially affect their independence. The Board does not consider David Crawford's independence to be compromised owing to his previous association with KPMG for the following reasons:

- he resigned as a Partner and Australian National Chair of KPMG on 28 June 2001, prior to his appointment to the Board;
- he has no financial arrangements with KPMG including pension arrangements, retainers, advisory fees or any direct or indirect business arrangements; and
- he has never been part of KPMG's audit practice nor in any way involved in, or able to influence, the audit activity associated with Lend Lease.

Board performance

The Board conducts a review of its performance as a whole and the effectiveness of its Committees bi-annually. This review process is designed to help enhance performance by providing a mechanism to raise and resolve issues and develop innovative approaches to enhance governance. An external consultant is engaged to facilitate the review. The last review was performed in 2001 and the current review will be concluded by the end of this calendar year.

Directors' shareholding and trading

Under the Company's Constitution, Directors are required to hold a minimum of 1,000 Lend Lease shares. To align more closely the interests of shareholders and Directors, the Board has established a policy whereby the minimum holding for Non Executive Directors is 2,000 shares. It is intended that Non Executive Directors move, over a reasonable period, to hold the equivalent of one year's Directors' fees in shares. Details of all holdings by Directors in the Company are disclosed in the Directors' Report.

At the 2000 Annual General Meeting, shareholders approved the Non Executive Directors Share Ownership Plan which enables Directors to acquire additional Lend Lease shares by foregoing Directors' fees to an amount equal to the value of the shares acquired. A Director is restricted from dealing with shares acquired in this manner until their retirement (except to meet an earlier tax liability in respect of the shares) and is exposed to share price risk until this time. Subscriptions are made at the same price, at the same time and otherwise on the same terms as the Share Purchase Plan (SPP) offered to all Australian and New Zealand resident shareholders and only while the SPP is operative. A majority of Directors have participated in this Plan.

Directors and officers of the Group are subject to restrictions under the Corporations Act relating to dealing in securities. The Board has established a policy that Directors may only deal in Lend Lease shares for a period of six weeks following the expiration of two days immediately after:

- the announcement of the annual results;
- the announcement of the half year results; and
- the Annual General Meeting.

Even during this six week period, a Director must not deal in Lend Lease shares at any time he or she has unpublished information which, if generally available, might affect the share price. Directors are required to notify the Company Secretary prior to any dealing to ensure there are no insider trading issues.

Resources available to Directors

All Directors have access to Company information and can consult management and employees as required to enable them to carry out their duties. Lend Lease has well established procedures to allow Non Executive Directors to call on external, independent, professional advice. It is usual for a Director to seek the advice of the Chairman, Managing Director or Company Secretary before obtaining external advice.

New Directors receive an information pack and comprehensive briefings from management are arranged to enable them to gain an understanding of the businesses and issues facing the Group.

Briefings and continuing education

Directors are kept regularly informed on key business issues, emerging trends, matters relevant to their role as Directors and changes to legislation and best practice. This may involve briefings by internal and external specialists.

Remuneration of Directors

Remuneration details for Executive and Non Executive Directors are set out in the Directors' Report.

Attendance at meetings by Directors

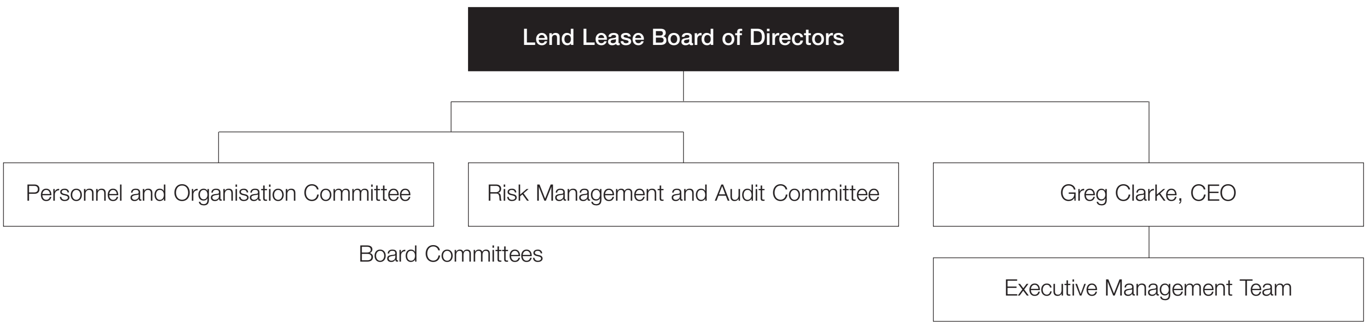
The number of Board and Committee meetings and Directors' attendance at those meetings during the financial year are disclosed in the Directors' Report.

Company Secretaries

Appointed by the Board, the Company Secretaries, Phil Crewes and Sue Sharpe, work with the Chairman to:

- monitor and enhance corporate governance processes; and
- ensure that rules, procedures and legislation relating to the Board are followed.

Governance structure



Personnel and Organisation Committee

The Personnel and Organisation Committee assists the Board by ensuring that appropriate policies are in place for the management of our people and compensation across all of our businesses worldwide. This Committee focuses on the importance of human capital to the Group's strategic and business planning. Its responsibilities are detailed below.

To review and, where appropriate, recommend to the Board for approval:

- compensation programs and performance targets for Executive Directors and members of the Executive Management Team, and assessment of performance against those targets;
- succession planning for the Managing Director and key executives; and
- employee share ownership, superannuation and pension plans.

To review and, where appropriate, approve:

- strategy and principles for people management;
- career development, skills development and continuing education programs;
- global policies for employee compensation and fringe benefits;
- international assignee policies; and
- operation of long and short term executive incentive programs.

Risk Management and Audit Committee

The Risk and Compliance Committee has changed its name to the Risk Management and Audit Committee to more accurately reflect its functions. This Committee assists the Board by reviewing the effectiveness of risk management and compliance systems in all of our businesses worldwide and by ensuring that assets are protected against financial loss, legal and regulatory obligations are met, and proper accounting and auditing practices are maintained.

The duties of this Committee are to:

Audit

- make recommendations to the Board as to the appointment, re-appointment or replacement of external auditors;
- review with external auditors the scope and terms of the audit and audit fee and report to the Board;
- review and approve the scope and terms of the internal audit and where appropriate the audit fee;
- oversee and appraise the quality of the audits conducted by the auditors;
- discuss and resolve any issues arising from audit reports, including any matters the auditors may wish to discuss in the absence of management;
- require the external auditors to provide a formal written statement annually:
  - disclosing all relationships between the external auditor and the Group; and
  - confirming that, in its professional judgement, it is independent of the Group;
- discuss with external auditors any relationship that may impact on their objectivity or independence and recommend to the Board any appropriate action to satisfy itself of the auditor's independence; and
- approve all non audit assignments entered into with external auditors greater than A$100,000 and review all other non audit assignments.

Risk management

- evaluate the adequacy and effectiveness of administrative, operating and accounting controls used by the Group;
- review, in particular, the effectiveness of the Enterprise Risk Management system within the Group and be assured that all material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Company policies;
- review the effectiveness of the Group's environment, health and safety risk management systems;
- review the business contingency planning process within the Group and ascertain that all material risks are identified and appropriate contingency plans are in place;
- review actual and potential material risk exposures;
- review insurance and other risk transfer arrangements and consider whether appropriate coverage is in place;
- monitor the implementation of business unit and corporate risk management plans; and
- review the performance of the Group Head of Risk and internal risk management function.

Financial reporting

- review financial information presented by management, together with reports and opinions from external auditors;
- assess the appropriateness of accounting policies and methods chosen by management, particularly those relating to significant estimates and judgements;
- review the reliability and appropriateness of disclosure in the financial statements and financial reporting to stakeholders, particularly with regard to estimates and judgements; and
- make appropriate recommendations to the Board as to whether financial statements should be approved.

Compliance

- monitor the effectiveness of Group policies and practices that relate to compliance with laws, regulations and accounting standards; and
- consider the impact of changes in accounting standards, listing rules and the Corporations Act.

Related party transactions

- review and monitor related party transactions.

Other matters

- conduct or authorise investigations into any matters within the Committee's charter;
- consider and make appropriate recommendations to the Board regarding major changes to Group accounting policies and procedures; and
- perform other functions referred to the Committee by the Board.

The Risk Management and Audit Committee comprises Non Executive Directors and focuses on issues that are material to the Group with regard to their actual or potential consequences.

The monitoring of risks with less significant consequences remains an important responsibility of business unit CEOs and boards. The Committee receives reports from the Group Head of Risk, business unit CEOs, external and internal auditors, external specialists, insurance brokers, and legal and tax advisers. It meets with the external auditors, without members of management present, on a regular basis.

Executive Management Team

The Executive Management Team was established by the CEO during the year to address key Group issues and financial progress, and to give senior management the opportunity to discuss strategy. Chaired by Greg Clarke, the Team comprises key business unit CEOs and functional business heads. Members meet face-to-face every six to eight weeks and stay in regular contact between meetings.

Group risk management

The key objective of the Lend Lease Enterprise Risk Management approach is to develop a management capability which provides effective identification, measurement, assessment and management of risks that may impact shareholder value or the quality of our services to clients.

A Group Head of Risk has been appointed to sponsor risk management activities across the Group with responsibility for:

- implementing the Enterprise Risk Management Framework which has been updated in accordance with our current business structure and to align with worldwide corporate governance aspirations;

– overseeing all strategic commercial risk across the Group, particularly corporate investments which could materially affect the Group financially or reputationally; and

– insurance risk management – the effective use of insurance and alternate risk transfer strategies. This year has seen further hardening of the insurance market for many parts of our business, particularly in the US. We will continue to investigate, with our external broker Marsh McLennan, methods by which our excellent record on risk can differentiate us from our peers.

A Head of Risk has been appointed in each region with the responsibility and accountability for embedding the Enterprise Framework in our operational businesses.

We have set challenging targets for our risk management over the coming year, recognising that we have an obligation to all stakeholders to manage their risks effectively and provide tangible results.

Ernst & Young was appointed during the year to review elements of our risk management process and has provided a report which will assist in developing our internal assurance capability.

External auditors

The Company's auditor is KPMG. This firm, or its predecessors, were appointed at the first Annual General Meeting of the Company in 1958.

The audit engagement partner is rotated every seven years and the current engagement partner is Mr Geoff Wilson, who was appointed in 2001.

The following remuneration was paid or is payable to the auditors of Lend Lease:

	June 2003 A$000s	June 2002 A$000s
Auditing and review of financial reports	**6,587**	**4,829**
Other services		
Tax services	3,648	3,077
International assignees' tax services	3,582	3,569
Accounting advice and verification to support contractual claim	1,579	2,728
Accounting advice	650	396
Acquisition due diligence	123	687
IT risk review	–	306
Other services	341	535
Total other services	**9,923**	**11,298**

The Board has established a policy governing the conduct of non audit work by the auditors. Under that policy the auditors are prohibited from performing:

– work that would normally be undertaken by management including bookkeeping;

– design and implementation of systems and valuation services or fairness opinions, where the results are material to the financial statements or where the external auditors would be required to audit those statements or opinions;

– work that is remunerated through a 'success fee' structure; and

– work that involves the auditor acting in an advocacy role for Lend Lease.

The auditors are required to give a statement that any work undertaken will not compromise their independence.

Corporate responsibility

Core values and Code of Conduct

The core values of Lend Lease represent the key beliefs common to our businesses in each country in which we operate. They support how we do business, how we treat our stakeholders and how we interact in the workplace. Our Code of Conduct supports our core values and provides guidance for employees on the standards of conduct expected by the Company. The core values of Lend Lease are communicated throughout the Company and are defined to employees as follows:

– **Respect** – Respect for all people including their ideas, culture, views, health, safety and knowledge.

– **Integrity** – Integrity is non negotiable. We don't do it if it compromises the integrity of individuals or the Company. In particular, we will not compromise on safety – within our organisation or outside of it – under any circumstances.

- **Innovation** – We constantly seek to find better solutions, to think outside the box and dare to do things differently. We value innovation and creativity – don't just do it because we did it yesterday.
- **Collaboration** – Redefine the way our business works by sharing knowledge, building on this and drawing insights. Through teamwork we value the insights of others and build on them – we must take the time to help.
- **Excellence** – We strive for excellence in all we do. It is evident not only in the products and services we deliver, but in how we deliver them. Our employees embody excellence – in the decisions they make, the products they build and the services they deliver. On construction sites in particular, but everywhere, excellence equals zero incidents.

A copy of the Core Values Statement and Code of Conduct is available on the Company's website (www.lendlease.com).

Conflicts of interest

Directors and senior executives are required to identify any conflicts of interest they may have in dealing with the Group's affairs and refrain from participating in any discussion or voting on these matters. The Board has implemented a range of procedures at Group and business levels to ensure we comply with the law and aim for the highest ethical standards in identifying, resolving or managing conflicts of interest. Directors are encouraged to discuss with the Company Secretaries any issues that may give rise to conflicts of interest.

Environment, health and safety (EH&S)

In the last Annual Report, we outlined our commitment to achieving leadership in two key areas: health and safety and sustainable environmental practices.

Incident & Injury Free

Last year, we undertook to closely examine the health and safety practices we have in place to protect our employees, stakeholders and the communities with whom we interact.

Compared to our industry, our health and safety record is impressive, aided by the comprehensive set of health and safety processes we have in place. These include fall protection, safety harnesses, qualified nurses on site, training, toolbox talks as well as full documentation and reporting. Yet, it is of serious concern that, despite these measures, the number of deaths and serious injuries has reached a plateau, and we are no longer making major reductions in these numbers.

The question is why? Why, when we have at our disposal the best equipment, processes and training, do we still have accidents? It appears many perceive injuries and accidents are inevitable, given the business we are in and, therefore, tend to accept they will occur.

To achieve a breakthrough, and further improve in this area, we need to focus on the human side of safety – people – and initiate a cultural change, whereby every employee is instructed and actively encouraged to put safety first.

At Lend Lease, we believe an Incident & Injury Free workplace is a basic human right, and our commitment to provide this is borne of human caring, and the responsibility of all of us. It is the right thing to do for our people, as well as the smart thing to do for our business, and the leadership position to which we aspire.

Our goal is to extend and embed this commitment deeply throughout our business. Our people are empowered to believe they can achieve a workplace free of incidents, injury and death.

Last year, we introduced a series of two day Incident & Injury Free leadership commitment workshops designed to realise the potential of Incident & Injury Free through personal commitment. So far, there have been 45 workshops attended by over 2,200 people, including project managers, regional managers, safety professionals and general managers.

Shorter orientation workshops, which engage participants and challenge perceptions, are also in progress. By the end of the year we hope to have involved every employee in this program. Subcontractors are also being enrolled, and we have communicated our health and safety approach to major clients.

Our commitment to achieving an Incident & Injury Free workplace is yielding improvements in behaviour and attitude across our business and for our partners, clients and stakeholders.

A commitment to caring for the environment

We have achieved significant results through our determination to integrate sustainable development into everything we do. In 2002, Lend Lease was ranked number one globally in the financial services sector in the Dow Jones Sustainability Indexes (DJSI). In 2003, Lend Lease achieved a similar score, ranking among the top performers within this sector. Aimed at long term shareholder value, the DJSI quantifies companies and their ability to deliver quality across many dynamics, under the three headings of – economic, environmental and social developments. Specific environmental examples that are taken into account are reductions in threat to climate and water use, pressure on land, soil and biodiversity, corporate accountability and the health of the workforce.

The following projects demonstrate Lend Lease's commitment to environmental sustainability:

- In Australia, the new Lend Lease headquarters in Sydney, to be known as 30 The Bond, represents a commitment to Ecologically Sustainable Development (ESD) principles. This will be the first office building in Australia to achieve a five star Australian Building Greenhouse Rating. It will feature the very latest in environmental design, including 30% lower carbon dioxide emissions than a typical office building. Lend Lease is developing the building, which is owned by Deutsche Office Trust.

  Lend Lease embraced the value of ESD at the project's conception. Workshops in early 2002 helped identify seven priorities for the design brief, including greenhouse gas reduction; indoor environment quality; water management; materials selection; waste management; pollution control and preservation of biodiversity.

  These ESD priorities have translated into numerous initiatives including a first for a commercial building in Australia, the use of 'chilled beam' air conditioning, a single pass air system using 100% outside air instead of re-circulated air; naturally ventilated spaces with an operable façade; and a 'green' roof with recycled water for irrigation.

  This development has inspired a new way of thinking at Lend Lease, leading to the creation of a number of task forces working to further the Lend Lease culture of pioneering and innovating across our various business units and geographies.

- In Europe, after an intensive audit of our offices and our projects, the British Standards Institute (BSI) has recommended Bovis Lend Lease's new Environmental Management System for registration under the international ISO 14001 standard. The System sets the highest standards by which all offices and sites must manage their environmental risk and care for the environment.

  Meridian Delta Limited, a consortium incorporating Lend Lease and Quintain Estates and Development plc, has entered into an agreement with English Partnerships to regenerate 77 hectares on the Greenwich Peninsula in London. This is an opportunity to create the UK's first sustainable community.

In line with this aspiration, ten underlying sustainability objectives were identified:

1. To utilise brownfield sites, and achieve urban regeneration;
2. To utilise land to create a mixed-use, high density community;
3. To provide sustainable transport solutions;
4. To develop adequate infrastructure and services;
5. To achieve high standards of design;
6. To protect and enhance biodiversity;
7. To achieve efficient use of natural resources;
8. To create a competitive economy by investing in people and equipment;
9. To address community issues and reduce social exclusion; and
10. To conserve cultural heritage.

The proposed redevelopment will contribute to urban regeneration through the re-use of a previously developed site for a high density, mixed-use development. This will enable people to live, work and participate in leisure and social interaction in one area, reducing the need to travel further afield.

The master plan has incorporated various existing features such as 'Central Park', river reed beds and river edge terracing. It has also allowed for the retention and extension of the riverside walk, the road network, slipway, piers and the utilities infrastructure. Efforts have been made to preserve the existing biodiversity through design features such as 'brown' roofs, nesting boxes, improvements to the river wall, native planting, green corridors and new open spaces.

Waste minimisation measures and several water and energy saving initiatives will be adopted during the construction period. The existing greywater treatment plant will be retained and relocated. The use of a combined heat and power system is also under consideration.

– In the US, Lend Lease is also involved in a large number of projects that are operating under or pursuing LEED (Leadership in Energy and Environmental Design) certification, a standard set by the US Green Building Council. LEED recognises building projects that have demonstrated a commitment to sustainability by meeting the highest performance standards.

  Lend Lease projects with LEED certification include Los Angeles Community College City Campus, the University of Maryland hotel expansion, and the 111 South Wacker commercial office building in Chicago. Additional projects seeking LEED certification include the Oakland Airport expansion and the City of Los Angeles Board of Engineering Fire Facilities Bond Program, which involves the provision of scheduling, cost estimating and overall program supervision and project management of 20 state-of-the-art fire facilities.

Teams around the world are looking at alternative energy projects both to assist in implementation and for investment opportunities. These are just a few examples of our best practice across the globe.

Communication with shareholders

Lend Lease is committed to effective communication with its shareholders and to ensuring the market is fully informed. In addition to complying with the continuous disclosure obligations required by the Australian Stock Exchange, timely and accurate information is made available to all stakeholders, including shareholders, by a variety of means. Therefore, Stock Exchange announcements are not only broadcast to the Australian and New Zealand Stock Exchanges, but are also:

– posted to our Company website: www.lendlease.com. All Company announcements can be found in the News Room section of the website. Additionally, interested parties can register for our alert service to receive an email message advising of new announcements;

– distributed to all major international wire services; and

– emailed to major media and investor contacts.

The Company Secretaries are responsible for communication with the Australian and New Zealand Stock Exchanges in relation to listing rule obligations, including continuous disclosure.

The Lend Lease website is the key information dissemination point to the broader market. The Group makes available information to the widest possible audience on this website by:

– posting all announcements, following receipt by the Australian Stock Exchange, including the Annual Report and Consolidated Financial Statements, and presentations made at the Annual General Meeting and to analysts or institutional investors;

– live webcasts of market briefings to analysts and institutional investors, and the subsequent archiving of these webcasts for three months. Any presentation material used during a webcast can be viewed simultaneously, or accessed from the archive subsequently; and

– posting explanatory notes, in question and answer format, relating to major issues discussed during investor meetings.

Group executives also meet with investors and their representatives on a regular basis to discuss the Company and its performance.

Community support

Lend Lease contributes to the community in many ways: directly through our employees and through the various external Foundations we have established over the years.

In addition, we set aside one day each year, Community Day, when we give Lend Lease employees around the world the opportunity to give something back to the communities in which we live and work. This is a major event at Lend Lease and our eighth Community Day will be held in 2003. Each year, thousands of employees volunteer to work on hundreds of projects planned and managed around the world.

Through Lend Lease Foundation, our employees are encouraged to volunteer individually or as teams, in their communities, not only on Community Day, but throughout the year. Community grants are awarded and special community drives and volunteer activities, unique to each community, are planned throughout the year by Foundation representatives. Examples of community efforts in the past year include:

- staff from Japan took part in the KIDS Project in Tokyo Disneyland. This Project involves taking children with mental or physical disabilities to Tokyo Disneyland for a day of fun;
- the Cornfield School in Redhill, Surrey, in the UK, provides for the care and education of a small number of special needs girls aged between 12 and 18. With assistance from Foundation and the Head of Cornfield School, a special day was provided for the girls. A tour of the Treasury building, the Cabinet War Rooms and a tour of HM Treasury and the Houses of Parliament were all part of an informative and entertaining day;
- through the ongoing commitment of Lend Lease Asia Pacific employees, Foundation has been able to allocate A$45,000 to various projects, including:
  - rescue boards for surf life saving clubs;
  - medical research for the Reconstructive Plastic Surgery Unit of the Royal Melbourne Hospital; and
  - timber repairs for a community hall in Queensland.
- in the US, more than US$200,000 is given annually to mission driven organisations on behalf of Lend Lease employees. Many employees use their expertise to rebuild their communities. For example, the Charlotte office organised 120 employees to clean up and undertake repairs for York-Chester Middle School last year. In Boston, over 60 employees came together for the Greater Boston Food Bank, feeding hundreds of fellow residents. These are just two examples of the hundreds of projects organised each year.
- Lend Lease's retail group supported the Starlight Children's Foundation to help grant the wishes of seriously ill children, for the second consecutive year during Christmas 2002. Lend Lease managed shopping centres across Australia granted 40 wishes by raising A$160,000, through the sale of Starlight merchandise, gold coin donations, Santa photos and the support of many retailers. In addition, this year the retail group partnered with Lifeline Australia during the Swap, Shop and Save campaign, which encouraged customers to donate pre-loved clothing which was sold through Lifeline Opportunity Shops to help fund the vital community services provided by Lifeline. This year, the Group raised approximately A$100,000.

Political donations

Lend Lease does not make cash donations to any political parties, politicians or persons standing for public office. Costs are still incurred where Lend Lease representatives attend political functions. ∎

concise financial report

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Lend Lease Corporation Limited
30 June 2003

The Concise Financial Statements and specific disclosures and Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

A copy of Lend Lease Corporation Limited Annual Consolidated Financial Report 30 June 2003, including the Independent Auditors' Report, is available on our website and in hard copy upon request.

The Annual Consolidated Financial Report 30 June 2003 can be requested by telephone (612) 9236 6065, via email (investor.relations@lendlease.com.au) or on our website.

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

(Note: All figures in this announcement are expressed in Australian Dollars unless otherwise specified)

The following discussion and analysis is based on Lend Lease Corporation Limited and its consolidated entities (the Group) Concise Financial Statements for the year ended June 2003, and should be read in conjunction with that report. A more detailed MD&A is included in the Group's Annual Consolidated Financial Report and is available upon request.

Overview

Lend Lease is a diversified real estate services group with operations in 42 countries. Its principal operations are in Australia, the US and the UK. Some of the key factors influencing the business are the state of investment and real estate markets, the level of construction activity, global economic conditions, interest rates, taxation, and regulatory legislation. However, in management's opinion, as the Group's operations consist of providing diversified services to a broad range of clients in many geographic locations, no one factor determines the Group's financial condition or the profitability of its operations.

Operating Performance

		June 2003	June 2002	Increase/ (Decrease)	% Increase/ (Decrease)
Operating revenue	A$m	10,113.9	12,478.0	(2,364.1)	(18.9)
EBITDA[1, 2]	A$m	473.7	593.2	(119.5)	(20.1)
Operating profit before tax[2]	A$m	315.0	391.1	(76.1)	(19.5)
Total Group results after tax before write-down of REI businesses[3]	A$m	230.2	226.3	3.9	1.7
Write-down of REI businesses after tax	A$m	(945.0)		(945.0)	(100.0)
Net (loss)/profit after tax attributable to members of Lend Lease Corporation Limited	**A$m**	**(714.8)**	**226.3**	**(941.1)**	**(415.9)**
Effective tax rate	%	24.7	38.9	(14.2)	(36.5)
Interest coverage ratio[4]	Times	7.7	7.6	0.1	1.3

1 EBITDA equals earnings before interest revenue, interest expense, income tax expense, depreciation and amortisation.
2 Excluding the write-down before tax of REI businesses of A$882.0 million.
3 Net contribution of discontinued operations was A$32.1 million after tax (2002 A$23.3 million after tax).
4 Calculated as EBITDA (before the write-down of the REI businesses of A$882.0 million before tax) plus interest revenue divided by net borrowing costs excluding foreign exchange benefit.

Operating revenue decreased 18.9% (A$2,364.1 million) in the year ended June 2003 compared to June 2002, largely due to a A$2,139.9 million decrease in Real Estate Solutions (RES) revenue and a A$171.8 million decrease in Real Estate Investments (REI) revenue. Bovis Lend Lease's (BLL) operating revenues declined A$1.7 billion to A$8.5 billion compared to A$10.2 billion for June 2002. The June 2003 decrease included the impact of exchange rate movements of A$0.7 billion.

EBITDA, excluding the impact of the write-down, decreased 20.1% (A$119.5 million) for the year ended June 2003 compared to June 2002. This decrease is mainly due to Group restructuring costs (A$47.3 million) and increased Corporate overheads for one off items (A$20.4 million). In addition, the June 2002 year included the final Westpac hedge profit of A$39.0 million. These factors were offset in part by decreased amortisation, tax expense and net interest costs, generating a A$3.9 million increase in profit after tax.

Write-down of REI Businesses

During the year, Lend Lease announced provisions of up to US$600.0 million (A$988.0 million) after tax to reflect the diminution in the carrying value of REI assets, primarily relating to the US Real Estate Investments (US REI) business. The provisions followed an extensive review of the global REI business that has resulted in the decision to sell or discontinue a number of businesses in the US, Europe and Asia. Ultimately the June 2003 results included an after tax charge of US$574.0 million (A$945.0 million) as follows:

	US$m	A$m
Goodwill	148	252
Management agreements	210	351
Future income tax benefits	38	63
Other assets	56	86
Employee termination provisions	16	25
Restructuring provisions and transaction costs	106	168
	574	**945**

Other assets include the write-down of the Project Enterprise IT system of A$41.2 million, fixed assets relating to businesses to be sold of A$14.5 million and investments and other assets of A$30.3 million. Restructuring provisions and transaction costs included provision for excess lease space and IT capacity of A$44.0 million, costs associated with the wind down of the European REI (non retail) business of A$13.7 million and transaction costs of A$17.8 million.

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

Taxation – Effective Tax Rate

The effective tax rate on operating profit (excluding the write-down of REI businesses) was 24.7% in the year ended June 2003 compared to 38.9% in the prior financial year. The lower effective tax rate includes the reversal of an over provision of prior year tax of A$13.1 million, while the June 2002 financial year included a charge for a prior year under provision of tax A$7.5 million.

Capital Management

On 29 May 2003, Lend Lease announced that the Group's dividend policy would be amended and a share buyback program would be implemented. The dividend payout ratio was increased to between 60%-80%, commencing with the final 2003 dividend to be paid in September 2003. The final 2003 dividend will be unfranked and future dividends will be unfranked for a period of time.

In June 2003, Lend Lease commenced execution of an on market buyback of its issued share capital and as at 30 June 2003, 2.9 million shares (approximately 0.7% of issued capital) had been purchased at an average cost of A$8.69 per share.

Revised Management Structure and Operating Cost Base

The Group's management structure has been reorganised on a regional basis. This has enabled the removal of the central REI and RES corporate management structures. Also during the year, in part as a response to weakening global economies, Lend Lease implemented a number of measures to reduce its overhead cost base. A one off cost of implementing these cost savings of A$47.3 million before tax (A$32.5 million after tax) was incurred in the year ended June 2003. The benefits from these initiatives will impact June 2004 and following financial years. This amount has been disclosed separately in the Corporate results.

Shareholders' Returns

A comparison of Return On Equity (ROE) and Earnings Per Share (EPS) based on earnings both before and after amortisation is detailed below:

		June 2003		June 2002	
		Before Amortisation	After Amortisation	Before Amortisation	After Amortisation
Including the Write-down of REI Businesses					
Return on equity for the year[1]	%	(17.1)	(20.2)	8.2	6.1
Earnings per share	cents	(144.2)	(163.1)	75.0	52.1
Excluding the Write-down of REI Businesses					
Return on equity for the year[1]	%	8.5	6.5	8.2	6.1
Earnings per share	cents	71.3	52.5	75.0	52.1

1 Return on equity for the financial year before amortisation is calculated by adding back accumulated amortisation. Equity represents the average balance of equity for the year.

Excluding the impact of the write-down of REI businesses, EPS increased marginally to 52.5 cents for the year ended June 2003 from 52.1 cents in the prior financial year. The share buyback program, which commenced in June 2003, had no material impact on EPS in the June 2003 financial year.

Dividends Paid and Declared

A final unfranked dividend of 20 cents per share will be paid on 18 September 2003 (2002 9 cents fully franked). This together with the interim dividend paid in March 2003 of 10 cents fully franked (2002 9 cents fully franked) results in a total dividend of 30 cents per share (2002 18 cents).

Segment Results Summary

The financial results for the year ended June 2003 are summarised below. The segment results of the operating businesses exclude financing costs (which are included in Group Treasury), Corporate overheads, Group restructuring costs, amortisation charges and the write-down of the REI businesses, which are separately disclosed.

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax[1]		Assets	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
Real Estate Solutions								
Bovis Lend Lease	8,460.9	10,220.7	207.9	181.5	133.7	112.7	2,920.5	3,391.3
Integrated Development Businesses	704.7	1,084.8	46.8	70.4	31.6	40.6	821.6	706.7
Total Real Estate Solutions	**9,165.6**	**11,305.5**	**254.7**	**251.9**	**165.3**	**153.3**	**3,742.1**	**4,098.0**
Real Estate Investments								
Continuing operations	222.1	278.8	137.0	118.9	93.1	80.0	1,324.2	1,268.1
Discontinuing operations[2]	625.8	740.9	78.3	73.5	60.0	60.8	1,663.5	2,590.7
Total Real Estate Investments	**847.9**	**1,019.7**	**215.3**	**192.4**	**153.1**	**140.8**	**2,987.7**	**3,858.8**
Total Operating Real Estate	**10,013.5**	**12,325.2**	**470.0**	**444.3**	**318.4**	**294.1**	**6,729.8**	**7,956.8**
Non Core Investments[3]	**33.0**	**95.8**	**15.7**	**73.7**	**22.2**	**54.1**	**79.9**	**95.4**
Corporate								
Net Corporate overheads	27.5	21.3	(54.1)	(30.4)	(13.3)	(40.8)		
Group Amortisation								
Continuing operations			(47.4)	(44.4)	(47.4)	(44.4)		
Discontinuing operations			(27.9)	(37.5)	(27.9)	(37.5)		
Group Treasury	39.9	35.7	6.0	(14.6)	10.7	0.8	599.2	534.7
	67.4	**57.0**	**(123.4)**	**(126.9)**	**(77.9)**	**(121.9)**	**599.2**	**534.7**
Group restructuring costs			(47.3)		(32.5)			
Total Corporate	**67.4**	**57.0**	**(170.7)**	**(126.9)**	**(110.4)**	**(121.9)**	**599.2**	**537.7**
Total Group results before write-down of REI businesses[4]	**10,113.9**	**12,478.0**	**315.0**	**391.1**	**230.2**	**226.3**	**7,408.9**	**8,586.9**
Write-down of REI businesses			(882.0)		(945.0)			
Total Group	**10,113.9**	**12,478.0**	**(567.0)**	**391.1**	**(714.8)**	**226.3**	**7,408.9**	**8,586.9**

1 Operating profit/(loss) after tax is net of the amount attributable to outside equity interests of A$6.9 million (June 2002 A$12.5 million).
2 Discontinuing operations include those businesses that have been sold or are planned to be divested.
3 Non Core Investment income principally relates to the Group's investment in IBMGSA, Chelverton Group and THI plc. For the year ended June 2002, Non Core investments also included Westpac Banking Corporation.
4 Net contribution of discontinuing operations was A$32.1 million after tax (2002 A$23.3 million after tax).

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

Real Estate Solutions (RES)

The RES business comprises Bovis Lend Lease (BLL) which provides construction, project management and design services and the Integrated Development Businesses (IDB) which provides capital raising, project design, development and asset management services.

Overview of Financial Results

A summary of the key performance indicators for RES is given in the table below:

	BLL		Integrated Development Businesses		Total RES	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
Operating Profit/(Loss) After Tax						
Asia Pacific	23.5	27.4	56.3	45.8	79.8	73.2
Americas	56.5	51.9	3.6	(4.5)	60.1	47.4
Europe	60.3	44.8	(18.8)	2.7	41.5	47.5
Global Markets	12.7	7.4			12.7	7.4
Global Management	(19.3)	(18.8)	(9.5)	(3.4)	(28.8)	(22.2)
Total operating profit after tax	**133.7**	**112.7**	**31.6**	**40.6**	**165.3**	**153.3**
New work secured[1]	611.3	565.2	41.2	83.5	652.5	648.7
Backlog Gross Profit Margin (GPM)[1]	564.0	504.0	96.6	92.4	660.6	596.4
Delfin sales Backlog (lots)[1]			34,500	42,900	34,900	42,900

1 This information is unaudited.

The RES operating profit after tax increased A$12.0 million (8%) to A$165.3 million for the year ended June 2003 compared to A$153.3 million for June 2002.

Bovis Lend Lease

Key Financial Results

	Revenue		Realised Gross Profit Margin		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
Asia Pacific	1,326.7	1,355.3	110.6	109.0	41.1	45.4	23.5	27.4
Americas	4,292.6	5,572.9	205.5	208.1	94.5	89.5	56.5	51.9
Europe	1,916.7	2,478.8	209.4	188.1	83.3	64.7	60.3	44.8
Global Markets	924.9	813.7	57.7	40.9	16.9	9.4	12.7	7.4
Global Management					(27.9)	(27.5)	(19.3)	(18.8)
Total BLL	**8,460.9**	**10,220.7**	**583.2**	**546.1**	**207.9**	**181.5**	**133.7**	**112.7**

The prior year comparative numbers have been restated in that Actus Lend Lease in the Americas and Private Finance Initiative (PFI) projects in Europe are reported as part of the IDB and the micro-electronics business has been allocated from Global Markets to the regional BLL businesses.

Operating Profit After Tax

BLL's operating profit after tax increased A$21.0 million (19%) to A$133.7 million for the year ended June 2003 compared to A$112.7 million for June 2002.

Asia Pacific

The operating profit after tax for the Asia Pacific business declined from A$27.4 million in the year ended June 2002 to A$23.5 million in the year ended June 2003, despite Realised Gross Profit Margin (GPM) increasing by A$1.6 million to A$110.6 million. The year ended June 2002 included the recognition of profit of A$4.8 million after tax from BLL projects carried out for Lend Lease companies, these projects having been sold to third parties during the year, and a profit from the sale of sundry assets (A$1.8 million after tax). The profit from internal projects relates to the commercial and retail elements of the Newington project.

Americas

The operating profit after tax for the Americas increased from A$51.9 million in the year ended June 2002 to A$56.5 million in the year ended June 2003, an increase of A$4.6 million of which A$3.3 million was due to exchange rate movements. Realised GPM of A$205.5 million was A$2.6 million lower than for the year ended June 2002, primarily due to the prior year including a number of large projects such as the clean up of the World Trade Center and the AOL Time Warner project. This decline in GPM was more than offset by overhead savings.

Europe

The operating profit after tax for the European business increased from A$44.8 million in the year ended June 2002 to A$60.3 million in the year ended June 2003, an increase of A$15.5 million of which A$5.1 million was due to exchange rate movements. Realised GPM increased from A$188.1 million in the year ended June 2002 to A$209.4 million in the year ended June 2003 principally due to large commercial projects in London such as BBC White City and Paternoster Square.

Global Markets

The Global Markets Group operates in the pharmaceutical sector. Operating profit after tax for the Global Markets business increased from A$7.4 million in the year ended June 2002 to A$12.7 million in the year ended June 2003. Realised GPM increased from A$40.9 million to A$57.7 million due to a number of large projects in the Asia region. The increase in Realised GPM was partly offset by increased overhead expenses as the Global Markets business invested in new countries.

New Work Secured and Backlog Gross Profit Margin (GPM)

New Work Secured is the value of GPM procured in the financial year. Backlog GPM is the expected GPM to be realised in future years from the total contracts committed at the end of a financial year. (New Work Secured and Backlog GPM information is unaudited).

BLL Backlog GPM increased 12% (A$60.0 million) to A$564.0 million for the year ended June 2003 compared to A$504.0 million at June 2002. Including Backlog GPM relating to PFI Facilities Management (FM) and Actus Lend Lease, total RES Backlog GPM increased 11% to A$660.6 million as at June 2003. In addition, BLL and Actus Lend Lease have been designated preferred bidders on further projects in Europe and the Americas, which will add an additional A$212.4 million to Backlog GPM assuming they reach financial close. The value of New Work Secured for BLL for the year ended June 2003 was A$611.3 million compared to A$565.2 million in the prior financial year.

Integrated Development Businesses (IDB)

Key Financial Results

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Assets	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
Asia Pacific	300.7	367.5	78.7	76.8	56.3	45.8	538.1	485.3
Americas	290.4	194.6	8.3	(5.4)	3.6	(4.5)	75.3	73.1
Europe	113.6	522.7	(26.5)	4.2	(18.8)	2.7	208.2	148.3
Global Management			(13.7)	(5.2)	(9.5)	(3.4)		
Total IDB	**704.7**	**1,084.8**	**46.8**	**70.4**	**31.6**	**40.6**	**821.6**	**706.7**

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

Real Estate Solutions (RES) continued

Integrated Development Businesses (IDB) continued

Asia Pacific

The operating profit after tax increased A$10.5 million to A$56.3 million for the year ended June 2003 compared to A$45.8 million for June 2002. Delfin Lend Lease contributed A$43.2 million (June 2002 A$21.5 million), including A$11.2 million profit after tax from the sale of the North Lakes project. Lend Lease Development, principally Jacksons Landing and Olympic Village/Newington, contributed A$13.1 million (June 2002 A$24.3 million). The decline in profit from Lend Lease Development is due to the timing of unit releases at Newington and Jacksons Landing.

Included in Lend Lease Development is Lend Lease's Asian operations, which contributed an operating profit after tax of A$3.9 million for the year ended June 2003 (June 2002 A$3.5 million). The profit principally relates to the sale of previously written down assets. No development activity is currently being undertaken in Asia.

Americas

The operating profit after tax increased A$8.1 million to A$3.6 million for the year ending June 2003 compared to a net loss after tax of A$4.5 million for June 2002. The increase in profit after tax is largely attributable to Actus Lend Lease, which recorded an operating profit of A$4.2 million (June 2002 A$3.4 million), principally from the Fort Hood and Beaufort Parris Island projects. Actus Lend Lease's result includes a charge of A$8.3 million relating to the cost of bidding for new military housing projects.

Europe

The operating profit after tax decreased A$21.5 million to a net loss after tax of A$18.8 million for the year ending June 2003 compared to a profit after tax of A$2.7 million for June 2002. The results for the year included the profit on the sale of Lend Lease's interest in the joint venture entity that owned the TresAguas shopping centre (A$12.7 million) and further profit recognised from the sale of Touchwood, Solihull (A$5.5 million) offset by the cost of pursuing new projects, principally PFIs, of A$26.0 million (including A$13.9 million relating to the unsuccessful bid for the Allenby & Connaught military project) and a provision against costs incurred on the Shell Centre in London of A$10.5 million.

Real Estate Investments (REI)

The principal activities of this business segment are the management of real estate investment funds (which may be partnerships, trusts or other entities) and separate accounts on behalf of clients (including acquiring, managing and disposing investments and in some cases, includes co-investment in funds or real estate assets), portfolio management, originating and servicing of commercial mortgages and mezzanine loans, resolution of sub-performing and non performing commercial mortgages, the leasing, management and redevelopment of shopping centres and acting as financial adviser and arranger of project finance and related services.

Strategic Review

On 29 May 2003, Lend Lease announced the finalisation of the REI strategic review. Lend Lease has simplified its strategy to one real estate services business, based on Bovis Lend Lease's presence around the world with selective specialisation in real estate services and funds management in each of the major regions.

Accordingly, Lend Lease is exiting, over time, the North American real estate investments markets (both equity and debt) and real estate debt services, Asian debt markets including management of the International Distressed Debt Fund (IDDF) and other non performing loan servicing activities, certain components of the European real estate investments business and the Global Fund management advisory business.

Key Financial Results

The key financial results of the continuing and discontinuing operations are shown in the following table:

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Assets	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
Continuing Operations								
Australia and Pacific	91.7	109.8	43.5	39.5	30.9	30.0	143.2	155.4
Asia	12.4	21.2	7.3	(2.9)	4.8	(4.4)	90.1	179.9
Europe	94.0	125.6	62.2	60.1	43.0	41.4	754.4	601.1
North America[1]	24.0	22.2	24.0	22.2	14.4	13.0	336.5	331.7
Total continuing operations	**222.1**	**278.8**	**137.0**	**118.9**	**93.1**	**80.0**	**1,324.2**	**1,268.1**
Discontinuing Operations								
Australia and Pacific	3.9	2.3	1.9	1.0	1.4	0.6	1.9	1.4
Asia	19.2	32.9	(15.1)	(2.0)	(13.2)	(2.2)	69.2	84.2
Europe	31.6	9.8	2.2	(10.4)	4.9	(9.5)	176.2	108.7
North America	571.1	695.9	94.6	84.9	69.6	71.9	1,416.2	2,396.4
Global Management			(5.3)		(2.7)			
Total discontinuing operations	**625.8**	**740.9**	**78.3**	**73.5**	**60.0**	**60.8**	**1,663.5**	**2,590.7**
Total Global REI	**847.9**	**1,019.7**	**215.3**	**192.4**	**153.1**	**140.8**	**2,987.7**	**3,858.8**

1 Relates to investment income from King of Prussia.

Operating Profit after Tax

Total REI operating profit after tax, excluding the write-down, increased A$12.3 million (9%) to A$153.1 million for the year ended June 2003 compared to A$140.8 million for June 2002.

Operating profit after tax from continuing operations increased A$13.1 million (16%) to A$93.1 million for the year ended June 2003 compared to A$80.0 million for June 2002. The increase in profit was mainly due to a profit increase in Asia which was principally attributed to a net reduction in expenses as June 2002 included A$9.5 million of expenses relating to the proposed JREIT joint venture with Tokyu.

Operating profit after tax from discontinuing operations (excluding corporate amortisation of A$27.9 million after tax) decreased A$0.8 million (1%) to A$60.0 million for the year ended June 2003 compared to A$60.8 million for June 2002.

Global Assets Under Management (AUM)

		June 2003	June 2002	Growth/ (Decline)
North America	US$b	39.3	38.4	0.9
Australia	A$b	12.9	11.8	1.1
Asia	US$b	1.2	1.0	0.2
Europe	£b	2.7	1.9	0.8
Total	**A$b**	**82.0**	**86.1**	**(4.1)**

Global AUM decreased A$4.1 billion (5%) to A$82.0 billion for the year ended June 2003 compared to A$86.1 billion at June 2002. Excluding the impact of currency movements between June 2002 and June 2003, Global AUM increased by 6%.

Global AUM for continuing operations increased by 7% to A$17.4 billion during the year ended June 2003.

North America

The REI North America business broadly comprises real estate equity investment and real estate debt services. Lend Lease has announced the sale or intended disposal of its real estate equity and debt businesses which includes those businesses discussed below.

The real estate equity investment management businesses engage in the raising of investor capital, the acquisition/disposition of real estate assets and the investment/asset management of real estate assets for clients. Real estate equity also includes Housing and Community Investing (HCI) which acquires, syndicates and manages multi-family investment funds and separate accounts which primarily provide income tax benefits to investors resulting from their investment in affordable multi-family housing (tax credit-supported) products.

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

Real Estate Investments (REI) continued

North America continued

Commercial Credit provides services for investors in real estate debt. The four main business segments within Commercial Credit are the Fixed Income Group, Lend Lease Agri-Business, Lend Lease Asset Management and CapMark Services. These businesses originate, asset manage and service mortgage loans, manage lender/investor capital and resolve non/sub-performing loans.

Holliday Fenoglio Fowler (HFF) provides financial brokerage services for commercial real estate owners, including sales of properties and the arrangement of first lien mortgages and mezzanine capital, as well as services for investors in real estate debt.

Analysis of Result

Profit after tax from continuing and discontinuing operations decreased A$0.9 million (1%) to A$84.0 million for the year ended June 2003 compared to A$84.9 million for the year ended June 2002.

The decrease in profit after tax reflected:

– a reduction of A$4.2 million (5%) in net operating income (represented by annuity and transaction fee revenue less operating expenses), to A$76.1 million for the year ended June 2003 compared to A$80.3 million for June 2002.

  Underlying US$ denominated net operating income increased US$2.9 million (A$4.9 million using consistent exchange rates between June 2002 and June 2003). This increase was attributable to a reduction in total expenses (A$21.5 million) offset by declines in total annuity fees (A$4.1 million) and total transaction fees (A$12.4 million).

  The A$4.9 million increase in net operating income referred to above was, however, more than offset by a A$9.1 million reduction relating to changes in foreign currency exchange rates between June 2002 and June 2003; and

– a decrease of A$12.3 million relating to investment income, equity accounted profits and gains on sale of investments. Equity accounted profits declined A$6.0 million as, from 1 August 2002, earnings from Lend Lease Rosen are included on a consolidated basis rather than an equity accounted basis, gains on sale of investments declined A$2.2 million and investment income increased A$1.7 million. In addition, A$5.8 million of the total decrease related to changes in foreign exchange rates between June 2002 and June 2003.

Although the underlying US$ denominated profit after tax declined US$6.4 million, primarily due to an increase in the effective tax rate, this decline was largely offset by the impact of favourable movements in foreign exchange rates on conversion to Australian Dollars.

Australia and Pacific

Lend Lease will retain its real estate services and management businesses in Australia and the Pacific. Lend Lease will continue to operate the asset and funds management businesses of General Property Trust (GPT), Australian Prime Property Fund (APPF), Real Estate Securities, various other investment funds and the retail property management services business. Pursuant to an agreement to sell the US equity advisory business, Morgan Stanley will also assume the management of the Lend Lease US Office Trust (LLUSOT).

Analysis of Result

Profit after tax increased A$1.7 million to A$32.3 million for the year ended June 2003 compared to A$30.6 million for June 2002.

The increase in profit after tax from continuing and discontinuing operations noted above is largely related to the following:

– a decrease in asset and investment management fees of A$3.6 million due to a change in the management fee received from GPT (with effect from 1 January 2003, changing the fee basis from 0.55% to 0.40% plus a performance fee capped at 0.15% per annum) and the implementation of a new fee structure in the latter part of the June 2002 financial year for the Real Estate Securities business;

– a decrease in total expenses of A$12.9 million which was largely attributable to savings achieved as a result of the Group wide business re-positioning project and the reversal of expenses accrued in prior periods for which no ongoing liability remains; and

– the effective tax rate increased to 29% from 24% as the prior year charge included the reversal of an over provision for tax of A$1.0 million, thus reducing income tax expense in the June 2002 year.

Asia

In May 2003, Lend Lease announced its intention to no longer pursue a distressed debt business in Asia but rather focus its efforts on the management of APIC, which Lend Lease is transforming into a retail asset fund. APIC remains an integral part of Lend Lease's real estate investment business in Asia Pacific.

Analysis of Result

The total net loss after tax for continuing and discontinuing operations increased A$1.8 million to A$8.4 million for the year ended June 2003 compared to a net loss after tax of A$6.6 million for June 2002.

The increase in net loss after tax noted above is largely related to the following:

- a loss after tax of A$3.3 million in relation to the Asian Global Fund advisory platform including asset management/advisory fees of A$1.5 million and development management fees of A$0.5 million, offset by operating expenses of A$5.3 million;
- a net loss after tax of A$9.9 million in relation to the Commercial Credit Asia Debt business including asset management/advisory fees of A$15.1 million, incentive fees earned from servicing IDDF portfolios in Korea and third party portfolios in Japan of A$7.8 million, offset by expenses of A$28.0 million and investment income losses after tax of A$4.2 million; and
- a profit after tax from the APIC operations of A$4.8 million for the year ended June 2003 compared to a loss after tax of A$4.4 million June 2002. The increase in profit after tax was largely attributable to a significant reduction in net expenses for the year ended June 2003 as expenses for June 2002 included costs associated with the proposed joint venture with Tokyu (A$9.5 million).

Europe

Lend Lease will continue to operate certain retail asset and property management businesses, hold investments in retail related funds and assets and in certain joint venture arrangements. Non retail activities and the Global Fund advisory business platform are treated as discontinuing operations.

Analysis of Result

The total profit after tax for continuing and discontinuing operations increased A$16.0 million to A$47.9 million for the year ended June 2003 compared to A$31.9 million for June 2002.

The increase in profit after tax noted above was largely due to the following:

- an increase in annuity fees of A$18.3 million largely due to increased fees earned from asset management of the Global Fund as it became fully invested during the year;
- an increase in transaction fees of A$10.6 million largely due to performance fees earned based on the performance of the Lend Lease Retail Partnership for the three year rolling periods ending December 2001 and December 2002 (A$6.5 million) and acquisition, financing and consultancy fees earned from services provided to the Global Fund during the year (A$3.8 million);
- an increase of A$4.3 million in investment income due to an increase in the net operating income from Bluewater (A$2.6 million), a decrease in investment expense largely relating to an 8.5% return payable to investors in the Lend Lease Overgate Partnership paid for during the year ended June 2002 (A$3.8 million), an increase in other investment income largely relating to part reversals of provisions against the carrying value of certain Lend Lease investments; and
- a decrease of A$20.0 million in gains on sale of investments and equity accounted profits earned following the sale of Lend Lease Porto Retail (Lend Lease's 50% interest in the Arrábida retail property in Portugal) during the year ended June 2002.

Corporate

Corporate consists of net corporate overheads (which includes Corporate administration), Group Amortisation and Group Treasury (which includes all financing costs that are not directly related to real estate development projects or investments, irrespective of where those costs are incurred).

The Group Services loss after tax decreased A$27.5 million to A$13.3 million compared to A$40.8 million for June 2002.

The loss before tax increased A$23.7 million to A$54.1 million for the year ended June 2003 compared to A$30.4 million in June 2002, reflecting increased costs associated with the Group's strategic review (A$7.0 million), a provision required to make good the Australia Square tenancy (A$7.3 million), the introduction of several human resource initiatives (A$4.1 million) for learning and development and lower recharges to the Group's operating businesses (A$16.7 million).

The increase in costs noted above was more than offset by a decrease in Corporate tax charge which benefited from the release of an overprovision for tax in respect to the prior year whereas the year ended June 2002 was impacted by a prior year under provision for tax.

Group Amortisation expense decreased A$6.6 million to A$75.3 million for the year ended June 2003 compared to A$81.9 million for June 2002 and reflected the sale of certain US REI businesses and the write-down of the US REI goodwill and management agreement book values.

Group Treasury profit after tax increased A$9.9 million to A$10.7 million for the year ended June 2003 compared to A$0.8 million for June 2002 due to:

- an increase in operating profit after tax from interest revenue of A$5.5 million to A$27.3 million for the year ended 30 June 2003 primarily due to higher average cash balances and interest rates during the year;
- an increase of A$5.7 million in net foreign exchange hedge benefits to A$22.6 million; partly offset by
- an increase in interest expense and borrowing costs of A$1.3 million.

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

Statement of Financial Position (Balance Sheet)

Balance Sheet Summary by Major Component

	June 2003 A$m	June 2002 A$m	Increase/ (Decrease) A$m
Cash	867.2	904.1	(36.9)
Real estate development inventories	937.0	857.6	79.4
Real estate development investments	98.9	140.9	(42.0)
Real estate co-investments	694.7	663.7	31.0
Other real estate investments	611.8	648.9	(37.1)
Other investments	42.8	52.1	(9.3)
Goodwill	700.0	1,043.9	(343.9)
Management agreements	432.9	881.1	(448.2)
Borrowings	(884.6)	(938.6)	54.0
Other net assets/(liabilities)[1]	(493.1)	(501.6)	8.5
Shareholders' equity	**3,007.6**	**3,752.1**	**(744.5)**

1 Other net assets/liabilities includes trade creditors and receivables, provisions and other liabilities including deferred tax.

Total equity decreased from A$3.8 billion to A$3.0 billion primarily due to the write-down of the REI businesses.

Cash Flow

The following table summarises the major cash flows for the year ended 30 June 2003.

	June 2003 A$m	June 2002 A$m
Cash at the beginning of the financial year	**904.1**	**1,118.6**
Summary of Major Cash Transactions during the Financial Year		
Operating Activities		
Net receipts in the course of operations	265.2	173.8
Net property development receipts	28.9	518.5
Tax payments	(145.6)	(142.0)
Net interest paid	(26.3)	(52.3)
Other operating cash receipts	69.2	59.4
Net cash provided by operating activities	**191.4**	**557.4**
Other Cash Transactions		
Payment of dividends	(80.9)	(73.3)
Net REI co-investments	(166.5)	(142.3)
Net mortgage loans and tax credit properties investments	(69.6)	(219.2)
Proceeds on sale of investments (including North Lakes)	159.4	126.7
Net borrowing repayments		(243.6)
Purchase of controlled entities (including Lend Lease Rosen Real Estate Securities)	(38.2)	(173.9)
Other net cash flows	(32.5)	(46.3)
Net cash deployed for the financial year	**(36.9)**	**(214.5)**
Closing cash balance at end of the financial year	**867.2**	**904.1**

Net property development cash flows during June 2003 include the payment received from Capital Shopping Centres in relation to Chapelfield, Norwich. June 2002 included cash flows from Olympic Village, Sydney (A$240.9 million); Touchwood Court, Solihull (A$139.9 million) and Overgate Centre, Dundee (A$132.1 million).

Five Year Profile

		June 2003	June 2002	June 2001	June 2000	June 1999
Profitability						
Operating revenue	**A$m**	**10,114**	**12,478**	**11,454**	**12,997**	**4,119**
Operating (loss)/profit before tax (including write-down of REI businesses)	**A$m**	**(567)**	**391**	**241**	**756**	**516**
Operating (loss)/profit after tax (including write-down of REI businesses)	**A$m**	**(715)**	**226**	**151**	**432**	**420**
Operating profit before tax (excluding write-down of REI businesses)[1]	**A$m**	**315**	**391**	**241**	**756**	**516**
Operating profit after tax (excluding write-down of REI businesses)[1]	**A$m**	**230**	**226**	**151**	**432**	**420**
Divisional Contribution[1]						
Bovis Lend Lease	A$m	134	113	90	56	37
Integrated Development Businesses	A$m	32	40	31	11	128
Real Estate Investments[1]	A$m	153	141	117	137	70
Equity Investments	A$m		28	83	98	51
Other	A$m	(10)	26	(56)	53	28
Financial Services	A$m				231	200
Corporate Amortisation	A$m	(75)	(92)	(89)	(56)	(15)
Corporate Other[2]	A$m	(4)	(30)	(25)	(98)	(79)
Total[3]	**A$m**	**230**	**226**	**151**	**432**	**420**
EBITDA[1]	A$m	474	593	339	939	576
Earnings per share[1,4]	cents	52.5	52.1	33.5	85.0	82.6
Operating profit after tax to shareholders' equity (ROE) for the year[1,5]	%	6.5	6.1	4.1	12.0	12.5
Dividend per share[6]	cents	30	18	21	64	60
Dividend payout ratio[1]	%	56.0	34.4	59.6	75.6	72.0
Corporate Strength						
Total assets	A$m	7,409	8,587	9,060	10,942	7,291
Cash	A$m	867	904	1,119	3,484	621
Borrowings	A$m	885	939	1,081	1,046	1,210
Current assets	A$m	3,703	4,015	4,278	6,266	2,234
Current liabilities	A$m	2,993	3,245	3,568	3,800	2,452
Shareholders' equity	A$m	3,008	3,752	3,667	5,307	3,469
Cash flows from operations	A$m	191	557	287	726	303
Net asset backing per share	A$	6.86	8.63	8.54	10.38	6.88
Ratio of current assets to current liabilities	times	1.24	1.24	1.20	1.65	0.91
Debt to shareholders' equity	%	29.4	25.0	29.5	19.7	34.9
Debt to shareholders' equity plus debt	%	22.7	20.0	22.8	16.5	25.9
Net debt to shareholders' equity	%	0.6	0.9	(1.0)	(45.9)	17.0
Debt to total market capitalisation	%	24.2	20.5	20.0	9.6	11.6
Shares on issue	m	439	435	430	512	504
Number of shareholders	No.	74,878	86,003	87,516	59,553	45,113
Number of equivalent full time employees	No.	9,992	10,554	10,484	9,774	4,627
Assets under management	A$b	82.0	86.1	92.1	71.1	73.2
Shareholders' Returns and Statistics						
Proportion of shares on issue to top 20 shareholders	%	61.5	59.9	54.3	60.6	64.4
Staff shareholdings	%	13.5	13.7	14.1	13.7	13.4
Total dividends paid or declared	A$m	129	78	90	327	303
Share price as at 30 June as quoted on the Australian Stock Exchange	A$	8.35	10.54	12.55	21.31	20.74

1 Based on operating results excluding the write-down of REI businesses of A$882.0 million before tax (A$945.0 million after tax).
2 Includes Group Treasury and Corporate administration services.
3 Includes A$32.1 million (2002 A$23.3 million) relating to discontinued operations.
4 Earnings per share including the write-down of REI businesses was (163.1) cents for June 2003. Equity represents the average balance for the year.
5 Return On Equity (ROE) including the write-down of REI businesses was (23.8%) for June 2003.
6 June 2003 is calculated using the final dividend declared since 30 June 2003 to be paid 18 September 2003.

Directors' Report

The Directors present their Report together with the Financial Report of the consolidated entity, being the Company and its controlled entities ('Lend Lease') for the year ended 30 June 2003 and the Auditors' Report thereon.

Directors

Board

The names, qualifications, experience and special responsibilities of each person holding the position of Director of the Company at the date of this Report are:

D A Crawford, Chairman (Non Executive)

Age 59
Mr Crawford joined the Board in July 2001 and was appointed Chairman in May 2003. He is a Member of the Risk Management and Audit Committee.

Experience and Qualifications

Previously Mr Crawford was National Chairman of the Australian firm of KPMG. He has extensive accounting and business experience having worked with many large corporations and governments. His qualifications are Bachelor of Commerce and Bachelor of Laws from the University of Melbourne. He is a Fellow of the Institute of Chartered Accountants.

Other Directorships and Positions

Mr Crawford is a Non Executive Director of BHP Billiton Limited, Foster's Group Limited, National Foods Limited and Westpac Banking Corporation, and Chairman of the Australian Ballet. He is also a Member of the Council of the University of Melbourne, Treasurer of the Melbourne Cricket Club and a Member of the Advisory Board of Allens Arthur Robinson.

G A Clarke, Managing Director (Executive)

Age 45
Mr Clarke was appointed Managing Director and Chief Executive Officer on 9 December 2002 and is a Member of the Personnel and Organisation Committee.

Experience and Qualifications

Mr Clarke brings more than 20 years' experience in international business development and operations through career roles including Vice President, Cellular (Paris) for Nortel Communications; Chief Executive Mobile, C&W Mobile plc; and Chief Operating Officer, and Chief Executive, Cable & Wireless Communications plc. His qualifications are BA (Hons) Business Studies and MBA.

Other Directorships and Positions

Mr Clarke is a Non Executive Director of British United Provident Association (BUPA), the largest private health provider in the UK.

J E Curin (Executive)

Age 45
Ms Curin joined the Board as Finance Director on 8 September 2003.

Experience and Qualifications

Ms Curin has a broad range of international experience as a Senior Finance Executive and Director with a number of large corporations. She was previously Finance Director of The Peninsular and Oriental Steam Navigation Company, and prior to that Finance Director of P&O Australia Limited. She holds a Bachelor of Commerce (Accounting) from the University of Auckland in New Zealand and is a Member of the Institute of Chartered Accountants in New Zealand.

Other Directorships and Positions

Nil.

G G Edington (Non Executive)

Age 58
Mr Edington joined the Board in 1999 and is Chairman of the Risk Management and Audit Committee and a Member of the Personnel and Organisation Committee.

Experience and Qualifications

Qualified as a Chartered Surveyor, Mr Edington brings to the Board extensive UK and international experience in the property sector. Mr Edington was a Director of BAA plc and Chairman of BAA International. He joined BAA plc in 1988, became a Member of the Board in 1991 and has been the Chairman of six BAA companies. He is a past President of the British Property Federation, was the Chairman of a UK property company Greycoat Estates Limited, and was a Member of the Bank of England Property Forum. He has also been involved with a number of charitable organisations.

Other Directorships and Positions

Mr Edington is Chairman of Garden Park Investments Limited and Chairman of the Trustees of NCH, a leading UK children's charity.

P C Goldmark, Chevalier de la Legion d' Honneur (Non Executive)

Age 62
Mr Goldmark joined the Board in 1999 and is Chairman of the Personnel and Organisation Committee.

Experience and Qualifications

Mr Goldmark is Director, Global and Regional Air Program at Environmental Defense, a US based non profit environmental advocacy organisation. He was the Chairman and CEO of The International Herald Tribune in Paris between 1998 and 2003. Prior to this,

David Crawford
Chairman
(Non Executive)

Greg Clarke
Managing Director and
Chief Executive Officer
(Executive)

Joanne Curin
Finance Director
(Executive)

he was for ten years the President and CEO of the Rockefeller Foundation in New York. He has held the positions of Senior Vice President of the Times-Mirror Corporation, Executive Director of the Port Authority of New York and New Jersey and Director of the Budget for the State of New York. Mr Goldmark graduated with a BA from Harvard College, Government Department, magna cum laude. He brings to Lend Lease his wide experience as a CEO and Senior Executive in the private and public sectors, both in the US and internationally.

Other Directorships and Positions

Nil.

R A Longes, Deputy Chairman (Non Executive)

Age 58
Mr Longes joined the Board in 1986 and was appointed Deputy Chairman in January 2000. He is a Member of the Risk Management and Audit Committee.

Experience and Qualifications

Mr Longes is an Executive Director of Investec Bank (Australia) Limited. He was previously an Executive Director of the Company, a Principal of the Corporate Advisory and Private Equity Group of Wentworth Associates, and a Partner of the legal firm Freehills. Mr Longes' qualifications are BA, LLB, MBA.

Other Directorships and Positions

Mr Longes is Chairman of GPT Management Limited and a Director of Australian Water Services Pty Limited and Metcash Trading Limited. He is also a Director of the National Institute of Dramatic Art and a Member of the Aboriginal Tourism Leadership Group. Mr Longes was a Member of the panel reviewing the National Museum of Australia and is heading an enquiry into Indigenous Business on behalf of the Commonwealth Government.

Since the date of the last Report, Mrs J K Conway and Messrs A Aiello, Y H Chua, D H Higgins, R G Mueller and R E Tsenin retired as Directors of the Company.

J K Conway (Non Executive)

Mrs Conway retired as Chairman and Director on 29 May 2003, having joined the Board in 1992 and being appointed Chairman in 2000. She was a Member of the Personnel and Organisation Committee.

A Aiello (Executive)

Mr Aiello retired as a Director on 31 December 2002, having joined the Board in May 1998.

Y H Chua, BBM (Non Executive)

Dr Chua retired as a Director on 8 November 2002, having joined the Board in 1994. He was a Member of the Risk Management and Audit Committee.

D H Higgins (Executive)

Mr Higgins retired as Managing Director on 9 December 2002 and as a Director on 31 January 2003. He joined the Board as Managing Director and Chief Executive Officer in 1995 and was a Member of the Personnel and Organisation Committee.

R G Mueller, CBE (Non Executive)

Mr Mueller retired as a Director on 8 November 2002, having joined the Board in 1996. He was a Member of the Personnel and Organisation Committee.

R E Tsenin (Executive)

Mr Tsenin retired as Finance Director on 31 August 2003, having joined the Board in 1997.

Directors' Meetings

During the financial year, four scheduled full agenda Board meetings and twelve restricted agenda Board meetings were held. The Board recognises the essential role of committees in guiding the Company on specific issues. Committees address important corporate issues, calling on senior management and external advisers prior to making a final decision or making a recommendation to the full Board.

There are two permanent committees of the Board:

Personnel and Organisation Committee

Comprising a majority of Non Executive Directors, the Personnel and Organisation Committee assists the Board in ensuring that appropriate policies are in place for people management and compensation across all our businesses worldwide. The Committee focuses on the importance of human capital to the Group's strategic and business planning.

Risk Management and Audit Committee

The Risk Management and Audit Committee is made up entirely of Non Executive Directors and assists the Board by reviewing the risk management and compliance systems in all our businesses worldwide and by being assured that assets are protected against financial loss, legal and regulatory obligations are met, and proper accounting and auditing practices are maintained.

Executive Committee

In May 2002, following the announcement of a global search for a successor to the Chief Executive Officer, an Executive Committee was established to provide support until such time as an orderly transition had been managed. Following the appointment of G A Clarke in December 2002, the Committee ceased operations.

Gordon Edington
(Non Executive)

Peter Goldmark
(Non Executive)

Richard Longes
(Non Executive)

Directors' Report continued

Directors continued

Directors' Meetings continued

Attendance at Meetings of Directors 1 July 2002 to 30 June 2003

Director	Board Meetings: Full Agenda Held[1]	Board Meetings: Full Agenda Attended	Board Meetings: Restricted Agenda Held[1]	Board Meetings: Restricted Agenda Attended	Committee Meetings Held[1]	Committee Meetings Attended
A Aiello[2]	2	2	5	4	0	0
Y H Chua[3]	2	2	2	2	5	4
G A Clarke[4]	2	2	8	8	0	0
J K Conway[5]	4	4	11	11	23	22
D A Crawford	4	4	12	12	24	23
G G Edington	4	4	12	11	25	24
P C Goldmark	4	4	12	11	7	6
D H Higgins[6]	2	2	6	5	23	18
R A Longes	4	3	11	11	27	25
R G Mueller[7]	2	2	2	2	5	5
R E Tsenin	4	4	12	11	19	16

1 Reflects the number of meetings held during the time the Director held office during the year.
2 Mr Aiello retired as a Director on 31 December 2002.
3 Dr Chua retired as a Director on 8 November 2002.
4 Mr Clarke was appointed as a Director on 9 December 2002.
5 Mrs Conway retired as a Director on 29 May 2003.
6 Mr Higgins retired as a Director on 31 January 2003.
7 Mr Mueller retired as a Director on 8 November 2002.

In addition, as required, matters were dealt with by Circular Resolution and ratified at the next meeting of the Board or appropriate Committee.

Interest in Capital

The interest of each of the Directors in the issued shares of the Company at 10 September 2003 (5 September 2002) is set out below.

Director	Shares Held Directly 2003	Shares Held Beneficially/ Indirectly 2003[1]	Shares Held Under Employee Share Plans 2003[2]	Total 2003	Shares Held Directly 2002	Shares Held Beneficially/ Indirectly 2002[1]	Shares Held Under Employee Share Plans 2002[2]	Total 2002
A Aiello[3]	-			-	2,000			2,000
Y H Chua[4]	-	-		-	13,153	1,522		14,675
G A Clarke[5]	1,000			1,000	-			-
J K Conway[6]	-	-		-	18,086	6,088		24,174
D A Crawford	4,314	2,853		7,167	2,940	726		3,666
J E Curin[7]	-			-				-
G G Edington	15,000	3,355		18,355	15,000	1,522		16,522
P C Goldmark	3,000	3,892		6,892	2,500	1,765		4,265
D H Higgins[8]	-		-	-	1,036		81,841	82,877
R A Longes	13,351	39,711		53,062	11,120	36,044		47,164
R G Mueller[9]	-	-		-	7,000	1,522		8,522
R E Tsenin[10]	-		-	-	2,000		1,500	3,500

1 Includes shares beneficially held by Non Executive Directors in the Retirement Plan.
2 Includes shares beneficially held by Executive Directors in Employee Share Plans.
3 Mr Aiello retired as a Director on 31 December 2002.
4 Dr Chua retired as a Director on 8 November 2002.
5 Mr Clarke was appointed as a Director on 9 December 2002.
6 Mrs Conway retired as a Director on 29 May 2003.
7 Ms Curin was appointed as a Director on 8 September 2003.
8 Mr Higgins retired as a Director on 31 January 2003.
9 Mr Mueller retired as a Director on 8 November 2002.
10 Mr Tsenin retired as a Director on 31 August 2003.

Interest in Registered Schemes

The interest of each of the Directors in the registered schemes of the Lend Lease Group at 10 September 2003 (5 September 2002) is set out below.

Director	Registered Scheme	Beneficial/Indirect Interest No. of Units 2003	No. of Units 2002
R A Longes	General Property Trust	12,405	2,405

Principal Activities

The principal activities of Lend Lease during the financial year were:

- Real estate project management, project design and construction management;
- All aspects of property development from concept through to design, planning, construction, financing, leasing and eventual sale;
- Management of real estate investment funds (which may be partnerships, trusts or other entities) and separate accounts on behalf of clients (including acquiring, managing and selling investments); co-investment in funds and real estate assets; portfolio management; originating and servicing of commercial mortgages; resolution of sub-performing and non-performing commercial mortgages; shopping centre leasing; management and redevelopment; and acting as financial adviser and arranger of project finance and related services; and
- Investment in companies where strategic business rationales exist and where a mutually beneficial business relationship with these companies can be developed.

Review and Results of Operations

The Directors report that in the year ended 30 June 2003, Lend Lease reported a net loss after tax of A$714.8 million. The June 2003 results included a write-down of A$945.0 million in respect of the REI businesses, principally the US Real Estate Investments (US REI) businesses. Excluding the write-down of the REI businesses, operating profit after tax for the year was A$230.2 million, an increase of 1.7% on the previous year's operating profit after tax of A$226.3 million.

A review of operations is included in Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) section of the Financial Report that accompanies this Directors' Report.

Dividends

The 2002 final dividend of A$39.1 million (9 cents per share, 100% franked) referred to in the Directors' Report dated 5 September 2002 was paid on 19 September 2002.

Details of dividends in respect of the current year are as follows:

	A$m
Interim dividend of 10 cents per share (100% franked) paid on 19 March 2003	43.5
Final dividend of 20 cents per share (unfranked) declared by Directors to be paid on 18 September 2003	85.4
	128.9

Significant Changes in State of Affairs

During the year, Lend Lease conducted and finalised its REI strategic review and announced the simplification of its strategy to one real estate services business, based on Bovis Lend Lease's presence around the world with selective specialisation in real estate development services and funds management in each of the major regions.

Accordingly, Lend Lease indicated its intention to exit, over time, the North American real estate investments markets (both equity and debt) and real estate debt services, Asian debt markets including management of the International Distressed Debt Fund (IDDF) and other non performing loan servicing activities, certain components of the European real estate investments business and the Global Fund management advisory business.

These changes will allow Lend Lease to focus on its global project management, construction and development businesses, and certain specialised regional real estate services and management businesses. In Australia and the Pacific, it will continue to operate the asset and funds management businesses of GPT, APPF, Property Securities, various other investment funds and retail property management services but excluding the management of the Lend Lease US Office Trust. In Asia, it will manage APIC I & II and the retail property management businesses. In Europe, it will continue its retail centre funds management and property management activities (including the Lend Lease Retail Partnership, Lend Lease Overgate Partnership and the retail centres of Bluewater, Solihull and Overgate) and Generali Lend Lease (GLL).

The Group's Consolidated Financial Statements specify in more detail those specific businesses which Lend Lease has made arrangements to exit, or which it intends to exit in the near term.

Event Subsequent to Balance Date

On 5 September 2003, Lend Lease sold its 23% interest in IBM Global Services Australia Limited for A$160 million which will result in a profit after tax of approximately A$80 million.

The financial effect of the above transaction has not been brought to account in the financial statements for the year ended 30 June 2003.

Likely Developments

Details of likely developments in the operations of Lend Lease in subsequent financial years are contained in the Reports from the Chairman and Managing Director in this Annual Report.

Environmental Regulation

Lend Lease is subject to many environmental regulations, in particular in relation to real estate development, project management and asset management. These regulations typically relate to noise and dust control, solid waste management and discharge into water systems.

For a number of years, Lend Lease has required each of its businesses to have an integrated Environment Management System. The Environment Management System is the catalyst for the development of Lend Lease's environmental plans and strategies and, as a minimum, the goal is to ensure compliance with applicable regulations and legislation.

The Risk Management and Audit Committee receives reports on a quarterly basis regarding any significant environmental risks and non conformance with Lend Lease's Environment, Health and Safety Policy. The Directors are not aware of any significant non compliance issues during the period covered by this Report.

Further details are contained in the Corporate Governance section of this Annual Report.

Directors' and Senior Executives' Compensation

Compensation Policy and Senior Executive Incentives

Lend Lease's Compensation and Benefits Policy is determined by the Board's Personnel and Organisation Committee (P&O Committee). Our policy is to reward Senior Executives with market competitive compensation and benefits, taking account of both Company and individual performance. With some 80% of Lend Lease operations now located outside Australia, our compensation policy has been designed to ensure that Senior Executives are rewarded according to the relevant external benchmarks. In assessing these benchmarks, Lend Lease takes account of expert advice and the relevant external comparators in the real estate and related sectors.

Lend Lease's approach to executive compensation is to provide a balance of fixed and performance based cash elements with an emphasis on increasing 'at risk' compensation for Senior Executives and Executive Directors. Outlined below are the elements and the philosophy behind them.

Compensation paid by Lend Lease is designed to be appropriate and competitive in each of its business locations, having regard to local practice on such issues as incentives, pensions, superannuation and other benefits. Lend Lease also recognises the need to take account of differing costs of living, especially in relation to expatriates and this is reflected in compensation for expatriate Senior Executives in our various locations.

In respect of its equity based remuneration plans, Lend Lease follows the Australian Accounting Standards which do not require recognition at full market value unless shares have been acquired on market to satisfy those plans. The Directors support initiatives by the International and Australian Accounting Standards Boards to adopt full market value accounting for equity based remuneration.

Base Salary

Salaries are set at competitive levels, targeted at median against comparable companies, with annual reviews to reflect market conditions and personal performance. For guidance, the P&O Committee and various business based executives use information available in published job matched surveys of similar companies. As appropriate, they also commission surveys to supplement the published information. To ensure proper process is followed for all executives, all proposed packages with a base salary in excess of A$150,000 in Australia, US$130,000 in the US and £60,000 in the UK require prior written approval from the Chief Executive Officer. This applies to both internal and external hires.

The salaries of the Chief Executive Officer, the Executive Directors, regional and business unit CEOs and corporate function heads are set by the P&O Committee. These are determined in July of each year. In the cases of the Executive Directors and business unit CEOs, the Committee is assisted in this review by the Chief Executive Officer and the Head of Human Resources.

Notice Periods

In view of the Chief Executive Officer's UK location, Lend Lease has followed best practice within UK FTSE 100 organisations and the notice periods recommended by the Association of British Insurers. Mr Clarke has a contract of employment which is therefore subject to 12 months' notice of termination by the Company or by himself. Ms J E Curin who was appointed as Finance Director on 8 September 2003 is also subject to a 12 month notice period.

Superannuation/Pension Plans

Pension plan arrangements are in place in most international locations. In the past, Senior Executives (and other employees) joined either a defined benefit or a defined contribution plan. Entry into all defined benefit plans has now ceased across the Group with the closure to new entrants of the Bovis UK Final Salary Scheme. All new Executive Directors and Senior Executives have the opportunity to join defined contribution plans.

Expatriates usually remain members of their home country fund.

Other Benefits

Other benefits for some Senior Executives, in locations where such benefits can be delivered, may include subscriptions of up to 5% of base salary to their employee share plans. All Senior Executives and staff participate in the annual profit share scheme under which they receive an equal share of an amount equivalent to between 0% and 7% of the Company's pre-tax profit (adjusted for 'one offs') over the preceding 12 months. For the year ended 30 June 2003, the profit share amount was 3% of the Company's pre-tax profit (adjusted for 'one offs'). Participation in these benefits is dependent on the country in which the Senior Executives are located. For Senior Executives working away from their home country, expatriate benefits such as accommodation and education allowances may be provided.

Short Term Incentives (STI)

Annual bonus payments are based upon actual achievement measured against challenging financial, corporate and individual performance targets approved by the P&O Committee for direct reports of the Chief Executive Officer. Although the performance criteria are different for each executive, the principles are similar and involve assessment of performance across four areas:

Financial – achievement of profitability, earnings, total shareholder return and other relevant financial targets;

Strategic Growth – achievement of strategic and business development objectives;

Operational Effectiveness – improvements in operational performance and internal efficiency; and

Leadership, Organisation & People – contribution to the enhancement of Lend Lease's skills and reputation, with a focus on the retention and development of employees.

A number of Senior Executives are also measured and rewarded according to the Group's performance on Environment, Health and Safety Key Performance Indicators and their personal commitment to them. This principle will apply to all Executive Directors and Senior Executives from 2003/04.

If the full target bonus is earned, annual compensation will normally reach the upper quartile of the relevant employment market.

Annual bonuses may be awarded in a number of ways:

1. Cash.
2. Shares or awards issued under Lend Lease Employee Share Plans (ESP).

Directors' and Senior Executives' Compensation continued

Compensation Policy and Senior Executive Incentives continued

Long Term Incentives (LTI)

Lend Lease's current Long Term Incentives were introduced and approved by the Board in 1999 and updated and extended in 2001 and in 2002. The objectives of the LTI are essentially twofold:

- aligning Senior Executives with the long term interests of Lend Lease and its shareholders; and
- attracting and retaining Senior Executives of high calibre by providing competitive rewards, that relate to the performance of both the individual executive and the Lend Lease share price.

The LTI grant is normally made in July each year and is based on competitive remuneration practice. Grants also depend on personal contribution and potential, and are designed to retain and motivate high performing and key executives. The LTI is in the form of an Australian dollar figure 'grant', which is notionally 'invested' over time to deliver value depending on:

- whether the executive remains with the Group – if the executive resigns before vesting, the grant will lapse;
- whether performance hurdles are achieved over the plan period – if the hurdles are not achieved, the grant will lapse. For the 2001 and 2002 plans, hurdles have either related to financial measures or above median performance against the ASX 200 All Industrials Index. During the year, the Board determined that the 2001 and 2002 LTI plans for RES and REI should have the character of simple retention awards, with the end value referable to share price, but payable on the executive remaining with the Group over the relevant period. Future plans will have hurdles which will require above median performance against a basket of Lend Lease's peer group companies (with 25% vesting at median performance rising to 100% at 75th percentile); and
- the performance of the Lend Lease share price – the value of the grant on maturity, assuming performance hurdles have been met, will be determined in part by the rise in the Lend Lease share price.

The LTI is a cash program with payments made upon maturity, which will normally occur three years after the date of the grant if performance hurdles are met.

Executives who do not participate in the Lend Lease Corporation Senior Executive LTI may participate in other LTI programs including deferred compensation where executives can choose to defer a proportion of their STI. The Group can match this deferral based on the increase in profit after tax in the subsequent three years.

Under the LTI, a Senior Executive's initial dollar 'grant' is normally allocated equally, or otherwise at the discretion of the Senior Executive or Board, between:

- **Performance Shares (PSs)** – the value of these will rise or fall with the value of Lend Lease shares; and
- **Share Appreciation Rights (SARs)** – these are payable only if the price of Lend Lease shares at the date of maturity is higher than at the date of grant. The Senior Executive will receive nothing in respect of these rights if the share price is lower than the price at the date of the grant.

For the purposes of the allocation, PSs are attributed a value equivalent to the Lend Lease share price at or about the date of the allocation, while SARs are valued at approximately one third of PSs, which reflects their greater risk profile.

LTI Details

With the exception of an award made to G A Clarke, there were no LTI grants allocated in the year ended 30 June 2003 to the current Executive Directors of Lend Lease or the five most highly compensated Senior Executives. Details of allocations made to G A Clarke are included under Chief Executive Officer contract terms.

Retention Awards

When the Board believes that an employee is an outstanding performer and that Lend Lease Corporation and its shareholders will gain from incentivising him or her to remain with Lend Lease, a retention award may be made.

On 5 December 2002, a retention award of A$600,000 was made to R H Taylor which will mature on 31 December 2003. Details of the retention award made to G A Clarke are included under Chief Executive Officer contract terms.

Chief Executive Officer Contract Terms

During the financial year, Lend Lease announced the appointment of G A Clarke as its new Chief Executive Officer. The key elements of Mr Clarke's service agreement are as follows:

- the contract is terminable on 12 months' notice (or immediately for cause), but with a maximum term of five years;
- Mr Clarke is based in London with an annual base salary of £550,000;
- annual short term performance based bonus is up to a maximum of £550,000 (on achievement of short term objectives set by the Board);
- performance awards have been made in the Lend Lease Corporation Senior Executive Long Term Incentive Plan (LTIP). Award value at grant is £750,000 for awards vesting 30 June 2006 and £750,000 for awards vesting 30 June 2007. The awards are Performance Shares which track the Lend Lease share price, with value on vesting payable in cash. Percentage vesting of the awards is on a sliding scale dependent on out-performance over the period against a basket of Lend Lease's peer group companies. Only 25% of the awards will vest at median performance rising to 100% at 75th percentile;
- further LTIP awards may be made from 1 July 2005 at the discretion of the Board;
- annual superannuation contributions will be made in favour of Mr Clarke equal to 30% of base salary;

– there is also a retention award for Mr Clarke. This will fully vest if Mr Clarke remains until 5 December 2007 or if the Company terminates his employment without cause prior to that date. At that time, Mr Clarke will be entitled to a cash payment equal to the then value of 279,728 Lend Lease shares. This equates to an award value of £1,000,000 at the date of grant with the end payment value referable to the performance of that number of Lend Lease shares. The retention award will be forfeited altogether if Mr Clarke resigns prior to 5 December 2007 or if his employment is terminated by Lend Lease for cause. A pro rata amount will be payable if the Company determines that Mr Clarke's employment should be terminated for poor performance;

– there is a six month non-compete post termination;

– additional benefits include usual leave entitlements, health insurance and car allowance; and

– on a termination by Lend Lease without cause, Lend Lease will be required to pay out salary and benefits for any unexpired notice period (up to 12 months), short term incentive (based on 60% achievement of objectives), pro rata LTIP amounts (if hurdles have been achieved) and the then value of the retention amount.

Salary, Short Term Incentives and Other Benefits

Details of the compensation of each Executive Director in office at 30 June 2003 and of the five most highly compensated Senior Executives employed by the Group at 30 June 2003 are shown below:

	Year	Salary A$[1]	Other Benefits A$[2]	Performance Related Cash Bonus A$	Total Current Year Compensation A$[3]	Other Items In Respect of Previous Years A$[4]	Total A$
Executive Directors							
G A Clarke[5]	**2003**	**842,341**	**285,694**	**745,257**	**1,873,292**	**–**	**1,873,292**
(Managing Director)	2002	–	–	–	–	–	–
R E Tsenin[6]	**2003**	**1,315,583**	**201,244**	**778,111**	**2,294,938**	**–**	**2,294,938**
(Finance Director)	2002	1,381,663	126,896	755,222	2,263,781	39,694	2,303,475
Senior Executives							
R Taylor[7]	**2003**	**965,688**	**698,598**	**431,760**	**2,096,046**	**–**	**2,096,046**
	2002	1,046,744	652,717	420,000	2,119,461	–	2,119,461
P Marchetto[8]	**2003**	**618,399**	**82,460**	**387,905**	**1,088,764**	**787,359**	**1,876,123**
	2002	667,308	92,019	316,875	1,076,202	105,400	1,181,602
J Quille[9]	**2003**	**570,698**	**371,208**	**724,020**	**1,665,926**	**38,898**	**1,704,824**
	2002	705,865	313,468	625,000	1,644,333	441,071	2,085,404
D Ross[10]	**2003**	**665,573**	**463,696**	**406,000**	**1,535,269**	**27,001**	**1,562,270**
	2002	596,686	77,443	364,000	1,038,129	372,114	1,410,243
C Bacon[11]	**2003**	**608,177**	**31,113**	**405,046**	**1,044,336**	**393,680**	**1,438,016**
	2002	655,769	39,878	379,573	1,075,220	105,400	1,180,620

1 'Salary' for international assignees includes components for tax equalisation costs, cost of living and other international assignee allowances.
2 'Other Benefits' include Company contributions made to superannuation/pension funds, housing and other allowances for international assignees, and other minor benefits. For Australian based Directors and Executives, the cost to Lend Lease of superannuation is nil as Company contributions are not payable at present due to the surplus of assets over accrued benefits held by the Lend Lease Superannuation Fund. The amount included is the notional amount of the contribution made on behalf of the individual.
3 Total compensation earned in respect of the year.
4 Includes the value of ESP/Global Reward allocations made in previous periods in respect of short term incentives that 'matured' during the year. The value is based on the Lend Lease share price at 30 June 2003 of A$8.35 (2002: A$10.54). Shares held in ESPs are subject to the rules of the plans and in some cases other contingent events.
5 Mr Clarke joined the Group on 9 December 2002 and is based in the UK and is paid in GBP. Exchange rate conversion at 30 June 2003: A$1.00 = £0.369.
6 Mr Tsenin is based in the UK and is paid in GBP. Exchange rate conversion at 30 June 2003: A$1.00 = £0.369 (2002: A$1.00 = £0.36).
7 Mr Taylor is based in the UK and is paid in GBP. Mr Taylor relocated to Australia in July 2003. Exchange rate conversion at 30 June 2003: A$1.00 = £0.369 (2002: A$1.00 = £0.36).
8 Mr Marchetto is based in the US and is paid in US$. Exchange rate conversion at 30 June 2003: A$1.00 = US$0.587 (2002: A$1.00 = US$0.52).
9 Mr Quille is based in Hong Kong and is paid in US$. Exchange rate conversion at 30 June 2003: A$1.00 = US$0.587 (2002: A$1.00 = US$0.52).
10 Mr Ross relocated to the US in July 2002 and is paid in US$. Exchange rate conversion at 30 June 2003: A$1.00 = US$0.587.
11 Mr Bacon is based in the US and is paid in US$. Exchange rate conversion at 30 June 2003: A$1.00 = US$0.587 (2002: A$1.00 = US$0.52).

Directors' Report continued

Directors' and Senior Executives' Compensation continued

Non Continuing Senior Executives

Executive Directors

Mr David Higgins ceased employment with the Lend Lease Group on 31 January 2003. He was previously Managing Director of Lend Lease Corporation Limited and was based in the UK with compensation paid in GBP. Mr Higgins received the following amounts in respect of the year ended 30 June 2003: salary and benefits of A$1,262,432; entitlements for accrued leave of A$406,722; and payments on termination in accordance with his contractual arrangements of A$5,068,189. In addition, a payment of A$1,609,566 was made in July 2003 for his compliance with the terms of a restrictive covenant preventing Mr Higgins after his cessation of employment from working in competing businesses or soliciting employees or customers of the Lend Lease Group.

Mr Albert Aiello ceased employment with the Lend Lease Group on 31 December 2002. Mr Aiello was previously the Chief Information Officer of the Lend Lease Group and was based in the US with compensation paid in US dollars. Mr Aiello received the following amounts in respect of the year ended 30 June 2003: salary and benefits of A$606,283; entitlements for accrued leave of A$251,739; and a performance related bonus of A$660,136.

Senior Executives

Mr Luther Cochrane ceased employment with the Lend Lease Group on 1 March 2003. Mr Cochrane was previously the Chairman of Bovis Lend Lease, Inc. and a director of Bovis Lend Lease Holdings and was based in the US with compensation paid in US dollars. Mr Cochrane received the following amounts in respect of the year ended 30 June 2003: salary and benefits of A$837,504; entitlements for accrued leave of A$93,738; and payments on termination of A$3,321,976.

Dr David Findley ceased employment with the Lend Lease Group on 30 April 2003. Dr Findley was previously the Group Senior Executive Human Resources and was based in the UK with compensation paid in GBP. Dr Findley received the following amounts in respect of the year ended 30 June 2003: salary and benefits of A$597,136; and payments on termination of A$1,851,817.

Mr Marshall Woodward ceased employment with the Lend Lease Group on 16 March 2003. Mr Woodward was previously the Head of Portfolio Management of REI US and was based in the US with compensation paid in US dollars. Mr Woodward received the following amounts in respect of the year ended 30 June 2003: salary and benefits of A$391,373; entitlements for accrued leave of A$25,585; a performance related bonus of A$513,034; and payments on termination of A$972,824.

Mr Fred Pratt ceased employment with the Lend Lease Group on 28 February 2003. Mr Pratt was previously the Chief Executive Officer of REI US and was based in the US with compensation paid in US dollars. Mr Pratt received the following amounts in respect of the year ended 30 June 2003: salary and benefits of A$439,254; entitlements for accrued leave of A$66,274; and payments on termination of A$1,185,194.

Mr Charles Foster-Taylor ceased employment with the Lend Lease Group on 30 May 2003. Mr Foster-Taylor was previously the Chief Executive Officer of REI Europe and was based in the UK with compensation paid in GBP. Mr Foster-Taylor received the following amounts in respect of the year ended 30 June 2003: salary and benefits of A$560,911; and payments on termination of A$945,724.

Non Executive Directors

Compensation Policy

Directors' fees have been set at US$50,000 per annum covering all Board duties and service on at least one Board Committee. Fee levels are in line with international benchmarks for a company of Lend Lease's size. The Chairman's fees are four times the standard fees paid to a Director and the Deputy Chairman's, two times. Chairmen of Board Committees receive an additional US$8,000 per annum.

In addition, Non Executive Directors may devote additional time to key business and strategic issues including serving on associated company boards, ad hoc Board Committees and other duties performed at the request of the Chairman and Managing Director where an individual Non Executive Director has specific skills to contribute. This additional time is compensated at US$2,000 per day and the time committed varies significantly from Director to Director in accordance with the needs of the Company, and the Director's expertise and availability.

To allow Directors to receive some of their annual compensation in shares rather than cash, and thus align their interests with those of shareholders, a Non Executive Directors' Share Ownership Plan was approved at the 2000 Annual General Meeting. This plan allows Directors to acquire Lend Lease shares by foregoing an amount of Directors' fees equivalent to the value of the shares acquired. A majority of Directors have participated in this plan. Subscriptions are made at the same price, at the same time and otherwise on the same terms as the Share Purchase Plan available to Australian and New Zealand registered shareholders and only while the Share Purchase Plan is operative. A Director is restricted from dealing with these shares until retirement. However, a Director may deal with shares at an earlier time to the extent necessary to meet an earlier tax liability in respect of the shares.

Retirement Plan

The plan is designed to provide retirement benefits for Directors that are based only on fees for Board service and are accrued in Lend Lease shares so that the benefit derived fluctuates in line with the value of Lend Lease shares. Under the plan, the Company will issue to, or acquire for, or for the benefit of, each Non Executive Director a number of Lend Lease shares equal in value to 0.2 times the Director's fees (being fees for attending and chairing Board and Board Committee meetings), but not additional fees.

Allocations are made in arrears on 1 January each year. For this purpose, the value of the shares on acquisition will be the weighted average price of Lend Lease shares traded on the Australian Stock Exchange during the five business days prior to 1 January each year. The shares will be accessible only on retirement. Directors will be exposed to share price risk until this time. However, shares may be sold at an earlier time to the extent necessary to meet an earlier tax liability in respect of the shares.

Compensation Amounts

The following table sets out the compensation received and benefits accrued under the current retirement plan by Non Executive Directors for the year ended 30 June 2003.

	Year	Directors' Fees A$[1]	Representation on Associated Company Boards A$[2]	Additional Board Duties A$[3]	Other Benefits A$[4]	Retirement Benefits A$[5]	Total Compensation A$	Total Compensation US$
D A Crawford[6]	**2003**	**175,442**			**10,519**	**24,442**	**210,403**	**124,049**
Chairman	2002	115,236			7,446	23,047	145,729	67,303
R A Longes	**2003**	**175,696**	**119,092**		**10,519**	**35,139**	**340,446**	**197,407**
Deputy Chairman	2002	196,317	150,602		8,803	39,263	394,985	203,404
G G Edington	**2003**	**151,444**		**72,474**	**7,534**	**17,645**	**249,097**	**143,539**
	2002	145,726		54,780	7,578	19,693	227,777	116,566
P C Goldmark	**2003**	**168,408**		**58,076**	**8,189**	**20,360**	**255,033**	**146,407**
	2002	162,107		14,911	8,088	22,932	208,038	105,806
J K Conway[7]	**2003**	**321,561**			**71,452**	**64,312**	**457,325**	**265,336**
	2002	394,688			3,480	78,938	477,106	241,810
Y H Chua[8]	**2003**	**80,518**	**43,366**		**2,557**	**6,544**	**132,985**	**72,860**
	2002	133,895	104,443		2,944	19,690	260,972	134,531
R G Mueller[9]	**2003**	**73,851**	**28,927**	**14,464**	**2,138**	**6,606**	**125,986**	**68,614**
	2002	147,218	67,692	43,565	29,781	19,894	308,150	158,486

1 Includes fees for attending, chairing and travelling to Board and Board Committee meetings. Also includes shares allotted at market value pursuant to the Non Executive Directors' Share Ownership Plan approved by shareholders at the 2000 Annual General Meeting.
2 'Representation on Associated Company Boards' includes fees for attending, chairing and travelling to associated company Board and Committee meetings.
3 'Additional Board Duties' includes fees for other services requested by the Chairman and Managing Director where a Non Executive Director has particular skills to contribute.
4 'Other Benefits' includes compulsory superannuation contributions (maximum per individual Director A$10,519 (2002: A$8,803) and other minor fringe benefits, including fringe benefits tax (nil for 2003). In the case of Mrs Conway, an amount of A$68,807 is included for transitional office costs following her retirement.
5 'Retirement Benefits' is the amount accrued during the financial year ended 30 June 2003 under the current retirement plan. The equivalent value in shares is allotted in arrears on 1 January each year.
6 Mr Crawford was appointed Chairman on 29 May 2003.
7 Mrs Conway retired as Chairman and a Director on 29 May 2003.
8 Dr Chua retired as a Director on 8 November 2002.
9 Mr Mueller retired as a Director on 8 November 2002.

Directors' and Senior Executives' Compensation continued

Non Executive Directors continued

Retirement Plan Changeover Arrangements

A defined benefit Retirement Benefit Plan ('previous plan') was approved by shareholders at the 1990 Annual General Meeting. Changeover arrangements which were approved by shareholders at the 2000 Annual General Meeting have been effected to transition from the previous plan to the current plan for Directors who were on the Board on 31 December 2000. Under these arrangements, retiring Non Executive Directors will receive a multiple applied to the average of their annual emoluments (ie. Directors' fees and fees for additional Board duties) over the previous three years. The multiple is 0.6 for each of the first five years of service as a Non Executive Director and 0.2 for each year over five years to 15 years. This multiple for each Director was frozen at the multiple that would have applied if the Director had retired on 31 December 2000.

The following table sets out the accrued retirement benefits under the previous plan as at 30 June 2003 (based on the multiple being frozen on 31 December 2000). The Board has resolved to cap the entitlements under the previous plan at the lower of the accrued retirement benefit as at 30 June 2003 (with interest payable at the 60 day bank bill rate) and the retirement benefit calculated at the actual date of retirement.

Director[1, 2, 3, 4]	Years of Service at 31 December 2000	Accrued Retirement Benefit at 30 June 2003 A$	Accrued Retirement Benefit at 30 June 2002 A$
G G Edington	1	128,896	106,394
P C Goldmark	1	108,663	76,606

1 Dr Chua received a benefit of A$897,825 on his retirement on 8 November 2002.
2 Mr Mueller received a benefit of A$814,321 on his retirement on 8 November 2002.
3 Mrs Conway received a benefit of A$1,548,961 on her retirement on 29 May 2003.
4 Mr Longes does not participate in the previous plan.

Directors appointed since 1 January 2001 are not eligible to participate in the previous plan.

Share Options

No share options were issued during the year by the Company or any of its controlled entities, and there are no such options on issue.

Indemnification and Insurance of Directors and Officers

The Company's Constitution provides for indemnification in favour of each of the Directors named on pages 48 to 49 of this Report; the Company Secretaries, Mr P W Crewes and Ms S J Sharpe; and Executive Officers of the Company or of wholly owned subsidiaries of the Company to the extent permitted by the Corporations Act.

For related entities, the indemnification is provided by approval of a committee of Directors. For unrelated entities in which Lend Lease has an interest, deeds of indemnity are entered into between Lend Lease Corporation Limited and the Director or Officer. Since 1 July 2002, the Company has entered into a separate deed of indemnity with Mr R E Tsenin covering his service as a Director of Lend Lease Asia Properties, SICAF and Lend Lease Global Properties, SICAF.

In accordance with the Corporations Act, the Constitution also permits the Company to purchase and maintain insurance or pay or agree to pay a premium for insurance against any liability incurred by a person as a Director or former Director of the Company or a related body corporate. This may include a liability for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome. During the year, Lend Lease paid insurance premiums of A$1,946,995 in respect of its Directors' and Officers' liability policies.

Rounding Off

Lend Lease Corporation Limited is a company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and, in accordance with that class order, amounts in the financial statements and this Report have been rounded off to the nearest tenth of a million dollars, or where the amount is A$50,000 or less, zero, unless specifically stated to be otherwise.

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Sydney, 10 September 2003.

D A Crawford
Chairman

G A Clarke
Managing Director

Concise Financial Statements

Statement of Financial Performance
Year Ended 30 June 2003

		Note	Consolidated June 2003 A$m	June 2002 A$m
Revenue from Ordinary Activities				
Revenue from the sale of development properties		3	229.6	818.8
Revenue from the provision of services		3	9,576.5	11,220.9
Other revenues from ordinary operating activities		3	307.8	438.3
Total revenue from ordinary activities			**10,113.9**	**12,478.0**
Expenses from Ordinary Activities				
Integrated property development activities			(709.1)	(806.6)
Project and construction management activities			(8,335.5)	(10,269.8)
Real estate equity and debt management activities				
Ordinary expenses			(678.0)	(866.7)
Write-down of REI businesses		4	(882.0)	
Equity investment activities		2		(22.4)
Administration expenses			(53.3)	(73.6)
Borrowing costs			(66.4)	(81.8)
Total expenses from ordinary activities			**(10,724.3)**	**(12,120.9)**
Share of net profit of associates accounted for using the equity method			18.6	29.8
Share of net profit of joint venture entities using the equity method			24.8	4.2
(Loss)/profit before tax from ordinary activities			**(567.0)**	**391.1**
Income tax expense relating to ordinary activities		5	(140.9)	(152.3)
(Loss)/profit after tax from ordinary activities			**(707.9)**	**238.8**
Ordinary profit after tax attributable to outside equity interests			(6.9)	(12.5)
Net (loss)/profit after tax attributable to members of Lend Lease Corporation Limited			**(714.8)**	**226.3**
Non Owner Transaction Changes in Equity				
Decrease in Foreign Currency Translation Reserve			(8.9)	(60.9)
Increase/(decrease) in retained profits on initial adoption of:				
Revised AASB 1028 'Employee Benefits'			(1.1)	
AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets'			39.1	
Total changes in equity from non owner related transactions attributable to the members of Lend Lease Corporation Limited			**(685.7)**	**165.4**
Earnings per share				
Basic	**(cents)**	**6**	**(163.1)**	**52.1**
Diluted	**(cents)**	**6**	**(163.1)**	**52.1**
Alternative earnings per share[1]				
Basic	(cents)	6	52.5	52.1
Diluted	(cents)	6	52.5	52.1

1 The June 2003 alternative basic and diluted earnings per share amounts have been calculated after excluding the impact of the A$945.0 million after tax write-down of the REI businesses.

The statement of financial performance is to be read in conjunction with the discussion and analysis on pages 37 to 46 and the notes to the financial statements set out on pages 63 to 70.

Statement of Financial Position
As at 30 June 2003

	Note	Consolidated June 2003 A$m	June 2002 A$m
Current Assets			
Cash and cash equivalents		867.2	904.1
Receivables		1,858.2	2,177.4
Inventories		311.0	392.3
Other investments		377.0	350.7
Other assets		289.1	190.3
Total current assets		**3,702.5**	**4,014.8**
Non Current Assets			
Receivables		76.7	75.6
Inventories		871.0	791.4
Equity accounted investments		118.5	166.1
Other investments		952.7	922.0
Future income tax benefit		295.6	388.1
Property, plant and equipment		72.6	128.7
Goodwill		700.0	1,043.9
Management agreements		432.9	881.1
Other intangibles		57.0	58.9
Other assets		129.4	116.3
Total non current assets		**3,706.4**	**4,572.1**
Total assets		**7,408.9**	**8,586.9**
Current Liabilities			
Creditors		2,463.5	2,799.5
Current tax liabilities		59.7	10.8
Provisions		398.3	318.3
Other interest bearing liabilities		20.3	31.2
Other non interest bearing liabilities		51.2	85.1
Total current liabilities		**2,993.0**	**3,244.9**
Non Current Liabilities			
Creditors		24.6	6.8
Borrowings		884.6	938.6
Provisions		108.9	107.7
Provision for deferred income tax		141.0	193.1
Other interest bearing liabilities		236.4	267.7
Other non interest bearing liabilities		12.8	76.0
Total non current liabilities		**1,408.3**	**1,589.9**
Total liabilities		**4,401.3**	**4,834.8**
Net assets		**3,007.6**	**3,752.1**
Equity			
Contributed equity		816.4	797.7
Reserves		42.6	51.5
Retained profits		2,141.4	2,899.1
Total parent equity interest		**3,000.4**	**3,748.3**
Outside equity interests in controlled entities		7.2	3.8
Total equity	7	**3,007.6**	**3,752.1**

The statement of financial position is to be read in conjunction with the discussion and analysis on pages 37 to 46 and the notes to the financial statements set out on pages 63 to 70.

Statement of Cash Flows
Year Ended 30 June 2003

	Consolidated June 2003 A$m	June 2002 A$m
Cash Flows from Operating Activities		
Cash receipts in the course of operations	9,873.5	11,982.7
Cash payments in the course of operations	(9,608.2)	(11,808.9)
Integrated property development receipts	365.7	1,165.6
Integrated property development expenditure	(336.8)	(647.1)
Interest received	40.0	31.1
Dividends received	54.3	37.4
Distributions from partnerships received	14.9	22.0
Income tax paid in respect of operations	(145.6)	(142.0)
Interest paid	(66.4)	(83.4)
Net cash provided by operating activities	**191.4**	**557.4**
Cash Flows from Investing Activities		
Proceeds from sale/redemption of current investments	773.7	689.7
Purchases of current investments	(843.3)	(908.9)
Proceeds from sale/redemption of non current investments	159.4	126.7
Purchases of non current investments	(166.5)	(142.3)
Proceeds from sale of other assets	3.2	
Repayment of (loans to)/loans from associates/related parties	(33.7)	34.0
Payment for acquisition of controlled entities	(38.2)	(173.9)
Proceeds from sale of controlled entities	15.4	5.7
Proceeds from sale of property, plant and equipment	21.5	3.1
Purchases of property, plant and equipment	(27.1)	(32.7)
Purchases of management agreements		(21.7)
Proceeds from sale of management agreements		7.0
Net cash used in investing activities	**(135.6)**	**(413.3)**
Cash Flows from Financing Activities		
Proceeds from borrowings	1,209.5	1,936.9
Repayment of borrowings	(1,209.5)	(2,180.5)
Net proceeds from share issues	43.0	32.7
Payments for share buybacks	(15.2)	
Dividends paid	(80.9)	(73.3)
Return of capital to outside equity interest	(2.9)	(37.2)
Net cash used in financing activities	**(56.0)**	**(321.4)**
Other Cash Flow Items		
Effect of exchange rate changes on cash and cash equivalents	(43.4)	(26.8)
Cash balances in controlled entities acquired	6.1	1.3
Cash balances in controlled entities sold	0.6	(11.7)
Net decrease from other items	**(36.7)**	**(37.2)**
Net decrease in cash and cash equivalents	**(36.9)**	**(214.5)**
Cash and cash equivalents at the beginning of the financial period	**904.1**	**1,118.6**
Cash and cash equivalents at the end of the financial period	**867.2**	**904.1**

The statement of cash flows is to be read in conjunction with the discussion and analysis on pages 37 to 46 and the notes to the financial statements set out on pages 63 to 70.

Notes to Concise Financial Statements

1. Basis of Preparation of Concise Financial Report

The Concise Financial Report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports' and Urgent Issues Group Consensus Views. The financial statements and specific disclosures have been derived from the consolidated entity's full financial report for the financial year. Other information included in the Concise Financial Report is consistent with the consolidated entity's full financial report. The Concise Financial Report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It has been prepared under the historical cost convention and except where stated, does not take into account changing values or fair values of non current assets. The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous financial year, except where otherwise noted.

Basis of Consolidation

The Lend Lease Group (Lend Lease) consolidation comprises all entities controlled by Lend Lease Corporation Limited.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the Consolidated Financial Statements, have been eliminated.

Outside interests in the equity and results of the entities that are controlled by Lend Lease are shown as a separate item in the Consolidated Financial Statements.

Change in Accounting Policy

Employee Benefits

As from 1 July 2002, Lend Lease applied the revised AASB 1028 'Employee Benefits' for the first time.

The liability for wages and salaries, annual leave, sick leave and long service leave is now calculated using the remuneration rates Lend Lease expects to pay as at each reporting date, not wage and salary rates current at reporting date.

The initial adjustments to the Lend Lease Consolidated Financial Report as at 1 July 2002 as a result of this change are A$1.5 million increase in provision for employee benefits, A$1.1 million decrease in opening retained profits and A$0.4 million increase in future income tax benefit. As a result of this change in accounting policy, employee benefits expense increased by A$0.6 million and income tax expense decreased by A$0.3 million for the reporting period to 30 June 2003.

Had the revised accounting policy always been applied in the previous financial period, the financial impact of the change in policy as at 1 July 2001 would have been a A$1.3 million increase in provision for employee benefits, A$0.9 million decrease in opening retained profits and A$0.4 million increase in future income tax benefit. Employee benefits would have increased by A$0.5 million and income tax expense decreased by A$0.2 million in the reporting period to 30 June 2002.

Provisions, Contingent Liabilities and Contingent Assets

As from 1 July 2002, Lend Lease applied the new AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets' for the first time.

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial period to which they related, even though the dividends were announced after the end of that financial period. As a result of this change, the adjustments to the Consolidated Financial Report as at 1 July 2002 were a A$39.1 million increase in opening retained profits and a A$39.1 million decrease in provision for dividends. There was no impact on profit or loss for the reporting period to 30 June 2003.

Had the revised accounting policy always been applied in the previous financial period, the financial impact of the change in policy as at 1 July 2001 would have been a A$38.8 million increase in opening retained profits and A$38.8 million decrease in provision for dividends. There would have been no impact on profit or loss for the reporting period to 30 June 2002.

Notes to Concise Financial Statements continued

2.Segment Reporting

Business Segment Summary

The segment results are discussed and analysed in the Concise Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) included within this report.

	Segment Revenue[1]		Group Operating Revenue[3]		Segment Result Before Tax[1, 2]	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
Project and Construction Management[4]	8,460.9	10,177.9	8,460.9	10,220.7	125.5	119.4
Integrated Property Development[4]	618.5	1,084.8	704.7	1,084.8	(21.0)	57.0
Total Real Estate Solutions	**9,079.4**	**11,262.7**	**9,165.6**	**11,305.5**	**104.5**	**176.4**
REI – Equity[5]	517.9	563.6	518.9	639.5	(497.2)	97.7
REI – Debt[6]	313.6	373.6	329.0	380.2	(218.6)	1.4
Total Real Estate Investments	**831.5**	**937.2**	**847.9**	**1,019.7**	**(715.8)**	**99.1**
Total Core Real Estate	**9,910.9**	**12,199.9**	**10,013.5**	**12,325.2**	**(611.3)**	**275.5**
Non Core Businesses/One Off Items						
Restructuring Cost						
Equity Investments[7]		61.9		61.9		39.0
Other	13.1	23.2	33.0	33.9	15.7	24.0
Total Non Core Businesses	**13.1**	**85.1**	**33.0**	**95.8**	**15.7**	**63.0**
Total Segment	**9,924.0**	**12,285.0**			**(595.6)**	**338.5**
Unallocated Corporate			**67.4**	**57.0**		
Total Group			**10,113.9**	**12,478.0**		

1 Segment revenues, expenses and results include inter segment transfers between business segment of A$0.6 million. Inter segment transfers are priced on an arm's length basis.

2 Segment results include amortisation (A$84.6 million) and restructuring costs (A$47.3 million) which have been reclassified in 'Other Unallocated Revenues and Expenses' to enable reconciliation to the MD&A results.

3 Presentation and classification is consistent with MD&A.

4 Private Finance Initiatives (PFIs) and Actus Lend Lease which were previously disclosed in the prior period as part of Project and Construction Management are now included in Integrated Property Development. The comparatives have been changed in line with RES' revised management structure, as previously advised in the June 2002 MD&A.

5 REI – Equity includes discontinuing operations' segment revenue of A$295.8 million (2002 A$354.9 million), segment loss before tax of A$630.7 million (2002 profit of A$10.0 million), segment loss after tax of A$682.1 million (2002 loss of A$3.1 million), segment assets of A$802.4 million (2002 A$1,615.2 million) and segment liabilities of A$152.8 million (2002 A$1,246.3 million) (refer Note 8 Discontinuing Operations).

6 REI – Debt includes discontinuing operations' segment revenue of A$313.6 million (2002 A$373.6 million), segment loss before tax of A$218.6 million (2002 profit of A$1.4 million), segment loss after tax of A$250.5 million (2002 loss of A$3.6 million), segment assets of A$736.2 million (2002 A$753.8 million) and segment liabilities of A$215.0 million (2002 A$127.7 million) (refer Note 8 Discontinuing Operations).

7 June 2002 segment results relates to the disposal of six million Westpac shares.

	Group Operating (Loss)/Profit Before Tax[3]		Group Operating (Loss)/Profit After Tax		Segment Assets		Total Group Assets		Segment Liabilities		Total Group Liabilities	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
	207.9	181.5	133.7	112.7	2,871.6	3,333.7	2,920.5	3,391.3	2,218.9	2,634.6	2,237.0	2,653.8
	46.8	70.4	31.6	40.6	720.3	552.3	821.6	706.7	308.7	247.6	313.2	264.3
	254.7	**251.9**	**165.3**	**153.3**	**3,591.9**	**3,886.0**	**3,742.1**	**4,098.0**	**2,527.6**	**2,882.2**	**2,550.2**	**2,918.1**
	(479.3)	161.6	(572.6)	113.0	2,096.9	2,851.6	2,195.9	3,077.1	449.9	566.4	521.0	662.9
	(190.4)	30.8	(222.3)	27.8	757.1	754.1	791.8	781.7	215.0	127.7	223.1	129.5
	(669.7)	**192.4**	**(794.9)**	**140.8**	**2,854.0**	**3,605.7**	**2,987.7**	**3,858.8**	**664.9**	**694.1**	**744.1**	**792.4**
	(415.0)	**444.3**	**(629.6)**	**294.1**	**6,445.9**	**7,491.7**	**6,729.8**	**7,956.8**	**3,192.5**	**3,576.3**	**3,294.3**	**3,710.5**
	(47.3)		(32.5)									
		39.0		28.2								10.5
	15.7	34.7	22.2	25.9	79.9	73.3	79.9	110.3	5.0	45.3	5.0	47.7
	(31.6)	**73.7**	**(10.3)**	**54.1**	**79.9**	**73.3**	**79.9**	**110.3**	**5.0**	**45.3**	**5.0**	**58.2**
					6,525.8	**7,565.0**			**3,197.5**	**3,621.6**		
	(120.4)	**(126.9)**	**(74.9)**	**(121.9)**			**599.2**	**519.8**			**1,102.0**	**1,066.1**
	(567.0)	**391.1**	**(714.8)**	**226.3**			**7,408.9**	**8,586.9**			**4,401.3**	**4,834.8**

Geographic Segment Summary

	Segment Revenue		Group Operating Revenue		Group Operating (Loss)/Profit After Tax		Segment Assets	
	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m	June 2003 A$m	June 2002 A$m
Australia and Pacific[1]	1,365.7	1,657.8	1,413.2	1,693.4	100.5	129.1	972.2	844.0
North America[2]	5,878.8	7,084.3	5,895.2	7,091.8	(767.5)	120.6	3,189.0	4,403.6
Asia[3]	360.0	299.4	360.9	328.7	(27.9)	(1.6)	319.0	454.7
Europe[4]	2,319.5	3,243.5	2,377.2	3,307.1	55.0	100.1	2,045.6	1,862.7
Total Segment	**9,924.0**	**12,285.0**					**6,525.8**	**7,565.0**
Unallocated Corporate			67.4	57.0	(74.9)	(121.9)		
Total Group			**10,113.9**	**12,478.0**	**(714.8)**	**226.3**		

1 Includes discontinuing operations' segment revenue of A$3.9 million (2002 A$2.3 million), segment profit before tax of A$1.2 million (2002 profit of A$1.0 million) and segment profit after tax of A$0.8 million (2002 profit of A$0.6 million) (refer Note 8 Discontinuing Operations).

2 Includes discontinuing operations' segment revenue of A$554.7 million (2002 A$690.1 million), segment loss before tax of A$785.2 million (2002 profit of A$31.5 million) and segment loss after tax of A$868.2 million (2002 profit of A$15.8 million) (refer Note 8 Discontinuing Operations).

3 Includes discontinuing operations' segment revenue of A$19.2 million (2002 A$26.3 million), segment loss before tax of A$39.3 million (2002 loss of A$9.1 million) and segment loss after tax of A$42.2 million (2002 loss of A$11.4 million) (refer Note 8 Discontinuing Operations).

4 Includes discontinuing operations' segment revenue of A$31.6 million (2002 A$9.8 million), segment loss before tax of A$26.0 million (2002 loss of A$12.0 million) and segment loss after tax of A$23.0 million (2002 loss of A$11.7 million) (refer Note 8 Discontinuing Operations).

Notes to Concise Financial Statements continued

	Consolidated June 2003 A$m	Consolidated June 2002 A$m
3. Revenue		
Revenue from sale of development properties	**229.6**	**818.8**
Revenue from the provision of services	**9,576.5**	**11,220.9**
Other revenue from ordinary operating activities		
Dividends received	13.0	31.1
Rental income	53.8	54.4
Interest received	40.0	31.1
Proceeds on sale of investments	118.5	172.5
Share of partnerships' result	24.5	39.8
Other revenue	58.0	109.4
Total other revenues from ordinary operating activities	307.8	438.3
Total revenue	**10,113.9**	**12,478.0**

A more detailed analysis of revenue is included in Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A).

	Consolidated June 2003 A$m	Consolidated June 2002 A$m
4. Ordinary Loss/(Profit) Items		
Individually significant expenses included in loss/(profit) from ordinary activities before income tax expense:		
Write-down of REI businesses		
Goodwill	252.0	
Management agreements	350.8	
IT systems	41.2	
Property, plant and equipment	14.5	
Restructuring provisions	152.0	
Employee termination provision – REI restructure	24.9	
Other assets and expenses	46.6	
Total write-down of REI businesses	**882.0**	**–**

	Consolidated June 2003 A$m	Consolidated June 2002 A$m
5. Taxation		
Income Tax Expense		
(Loss)/profit before tax from ordinary activities	(567.0)	391.1
Prima facie income tax (benefit)/expense at 30% of (loss)/profit from ordinary activities	**(170.1)**	**117.3**
Tax effect of permanent differences	(3.5)	27.5
Income tax (over)/under provided in previous financial periods	(13.1)	7.5
Non recognition of future income tax benefits relating to write-down of REI businesses	364.0	
Variation in overseas tax rates in relation to REI write-down	(99.4)	
Write-off of future income tax benefits previously recognised in prior years in relation to write-down of REI businesses	63.0	
	311.0	35.0
Total income tax expense	**140.9**	**152.3**

	Company June 2003 A$m	June 2002 A$m
6. Dividends and Earnings Per Share		
Dividends		
Interim Dividend		
10 cents per share paid March 2003 (March 2002 9 cents per share)	43.5	38.8
Final Dividend Declared Subsequent to Reporting Date		
20 cents per share payable 18 September 2003 (June 2002 9 cents per share)	85.4	39.1
	128.9	**77.9**

Dividends Not Recognised at Year End

Since 30 June 2003, the Directors have declared an unfranked final dividend of 20 cents per share, to be paid on 18 September 2003.

The final effect of this dividend has not been brought to account for the year ended 30 June 2003 as a result of the change in accounting policy for providing for dividends (refer Note 1 Basis of Preparation of Concise Financial Report) and will be recognised in subsequent financial reports.

Dividend Franking

The final dividend of 20 cents per share will be unfranked. As per the 29 May 2003 announcement, this represents a change from Lend Lease Corporation's previous policy of only paying fully franked dividends. The interim dividend paid on 19 March 2003 (10 cents per share) was fully franked.

The dividend franking account balance at 30 June 2003 is nil (30 June 2002 nil). This is calculated after adjusting for franking credits which will arise from the payment of income tax provided in the accounts, tax losses utilised in the current period and expected franking debits arising from refunds of tax in dispute.

The balance of the franking account has been calculated on a basis consistent with the Company's accounting policies. Lend Lease intends to enter the Australian Tax Consolidation Regime, effective 1 July 2002, which requires the keeping of a single franking account for the Australian Tax Consolidated Group. The amount of franking credits available to shareholders disclosed at 30 June 2003 has been measured under the new legislation as those available from the Australian Tax Consolidated Group.

	Consolidated June 2003 Number m	June 2002 Number m
Earnings Per Share (EPS)		
Weighted average shares and share equivalents	**438.3**	**431.7**
	Cents	Cents
Earnings per share[1]		
Basic	**(163.1)**	**52.1**
Diluted	**(163.1)**	**52.1**

1 An adjustment factor of 0.99448 has been applied to prior financial year comparatives. This is attributable to the bonus element for the prior financial period relating to the issue of shares at less than market price, such as the Share Election Plan and Share Purchase Plan.

Notes to Concise Financial Statements continued

	Consolidated 12mths June 2003 A$m	12mths June 2002 A$m
6. Dividends and Earnings Per Share continued		
Reconciliation of Alternative Earnings		
Net (loss)/profit after income tax attributable to members of Lend Lease Corporation Limited used in calculating basic and diluted EPS	(714.8)	226.3
Exclude: Write-down of REI businesses after tax	882.0	
Exclude: Write-off of REI businesses' future income tax benefits previously recognised in prior years	63.0	
Earnings used in calculating alternative basic and diluted EPS	**230.2**	**226.3**

	Cents	Cents
Alternative earnings per share (cents)[1]		
Basic	**52.5**	**52.1**
Diluted	**52.5**	**52.1**

1 The alternative basic and diluted earnings per share amounts have been calculated after excluding the impact of the A$945.0 million after tax write-down of the REI businesses.

	Consolidated June 2003 A$m	June 2002 A$m
7. Total Equity Reconciliation		
Equity at beginning of financial year	**3,752.1**	**3,667.4**
Movements comprise:		
Movements in contributed equity	18.7	31.9
Dividends paid	(82.6)	(77.9)
Dividends foregone pursuant to share election plan	1.7	0.8
Net (loss)/profit attributable to members of Lend Lease Corporation Limited	(714.8)	226.3
Adjustment to retained profits on initial adoption of:		
Revised AASB 1028 'Employee Benefits'	(1.1)	
AASB 1044 'Provisions, Contingent Liabilities & Contingent Assets'	39.1	
Other changes in equity		
Movement in Foreign Currency Translation Reserve	(8.9)	(60.9)
Total revenues, expenses and valuation adjustments attributable to members of Lend Lease Corporation Limited	**(747.9)**	**120.2**
Total changes in outside equity interests in controlled entities	3.4	(35.5)
Total movement in equity for financial year	**(744.5)**	**84.7**
Equity at end of financial year	**3,007.6**	**3,752.1**

8. Discontinuing Operations

On 29 May 2003, Lend Lease announced the finalisation of the REI strategic review and the Company's intention to simplify its strategy to one real estate services business (based on Bovis Lend Lease's presence around the world) with selective specialisation in real estate services and funds management in each of the major regions.

Accordingly, Lend Lease is exiting, over time, the North American real estate investments markets (both equity and debt), Asian debt markets including management of the International Distressed Debt Fund (IDDF) and other non performing loan servicing activities, certain components of its European real estate investments business and the Global Fund management advisory business.

The following table details those businesses which have been treated as discontinuing operations. These discontinuing operations form part of Lend Lease's REI debt and equity business segments and are across all geographical segments (refer Note 2 Segment Reporting).

Entity/Business	Region	Entity/Business	Region
US Equity Advisory	US	Lend Lease Rosen	US
HCI	US	Rosen Consulting	US
CapMark	US	VEF series co-mingled fund platform	US
Asset Management – North America	US	Lend Lease Mortgage Capital	US
Asset Management – Mexico	US	Structured Finance	US
Debt Advisory	US	Lend Lease Agri-Business	US
Program Lending	US	Lend Lease US Office Trust	Australia
Lend Lease Hyperion JV	US	Asia Debt	Asia
HFF[1]	US	Global Fund Advisory	Global
Cordia Senior Living[1]	US	Europe Non Retail Equity	Europe
Winn Residential	US	Lend Lease Houlihan Rovers	Europe

1 Sold during the year ended 30 June 2003.

The date for completion of the disposal of all discontinuing operations cannot be determined at this time.

Notes to Concise Financial Statements continued

	Consolidated June 2003 A$m	Consolidated June 2002 A$m
8. Discontinuing Operations continued		
Financial Performance of Discontinued Operations		
Revenue from ordinary activities (excluding sale of operations)	610.4	740.9
Revenue from the sale of operations	15.4	
Total revenue from ordinary activities	**625.8**	**740.9**
Expenses from ordinary activities	575.0	715.0
Carrying amount of net assets of operations sold	13.6	
Disposal costs of operations sold	1.8	
Write-down of REI businesses	882.0	
Total expenses from ordinary activities	**1,472.4**	**715.0**
Share of net profit of associates accounted for using the equity method	14.1	10.1
(Loss)/profit before tax from ordinary activities	**(832.5)**	**36.0**
Income tax expense relating to ordinary activities[1]	17.4	12.7
Income tax expense relating to write-off of future income tax benefits previously recognised in prior years	63.0	
(Loss)/profit after tax from ordinary activities[2]	**(912.9)**	**23.3**
Financial Position of Discontinued Operations		
Current assets	646.2	578.1
Non current assets	1,017.3	2,012.6
Current liabilities	280.5	294.8
Non current liabilities	139.1	167.5
Net assets	**1,243.9**	**2,128.4**
Cash Flow of Discontinued Operations		
Net cash inflow from operating activities	127.5	254.4
Net cash outflow from investing activities	(166.1)	(328.9)
Net cash inflow from financing activities	38.6	74.5
Net cash	**–**	**–**

1 The net assets of HFF and Cordia Senior Living were sold during the period resulting in nil profit before and after tax.
2 Includes A$32.1 million operating profit after tax excluding write-down of REI businesses of A$945.0 million after tax.

Sale agreements have been entered into in relation to the US Equity Advisory, Asset Management – Mexico, Debt Advisory, Program Lending, Lend Lease Hyperion JV and Lend Lease Mortgage Capital businesses for approximately US$145.5 million (A$223.8 million) in relation to approximately US$144.0 million (A$221.5 million) of net assets, the value of which is largely dependent upon consents. The date for finalisation and settlement of the sale is dependent upon obtaining consents and cannot be determined at this time.

Since 30 June 2003, Lend Lease has sold HCI, CapMark and Asset Management – North America resulting in a US$6.6 million (A$10.2 million) profit before tax, and US$3.9 million (A$6.0 million) profit after tax.

The financial effect of the above transactions has not been brought to account in the financial statements for the year ended 30 June 2003.

9. Event Subsequent to Balance Date

On 5 September 2003, Lend Lease sold its 23% interest in IBM Global Services Australia Limited for A$160.0 million, which will result in a profit after tax of approximately A$80.0 million.

The financial effect of the above has not been brought to account in the financial statements for the year ended 30 June 2003.

Directors' Declaration

In the opinion of the Directors of Lend Lease Corporation Limited the accompanying Concise Financial Report of the consolidated entity, comprising Lend Lease Corporation Limited and its controlled entities for the year ended 30 June 2003 set out on pages 60 to 70:

a. Has been derived from and is consistent with the full financial report for the financial year with the exception of the information in Note 9 'Event Subsequent to Balance Date' which was not derived from the full financial report as the sale of the Company's interest in IBM Global Services Australia Limited occurred on 5 September 2003, which was after the issuance of the full financial report dated 20 August 2003; and

b. Complies with Accounting Standard AASB1039 'Concise Financial Reports'.

Sydney, 10 September 2003.

Signed in accordance with a resolution of Directors:

D A Crawford
Chairman

G A Clarke
Managing Director

Independent Auditors' Report

Independent Audit Report on Concise Financial Report to the Members of Lend Lease Corporation Limited

Scope

We have audited the concise financial report of Lend Lease Corporation Limited and its controlled entities for the financial year ended 30 June 2003, consisting of the statement of financial performance, statement of financial position, statement of cash flow, accompanying notes 1 to 9, and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows in order to express an opinion on it to the members of the company. The company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Lend Lease Corporation Limited and its controlled entities for the year ended 30 June 2003. Our audit report on the full financial report was signed on 20 August 2003, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 'Concise Financial Reports' issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion the concise financial report of Lend Lease Corporation Limited and its controlled entities for the year ended 30 June 2003 complies with AASB 1039 'Concise Financial Reports' issued in Australia.

The information in Note 9 'Event Subsequent to Balance Date' was not derived from the full financial report as the sale of the company's interest in IBM Global Services Australia Limited occurred on 5 September 2003, which was after the issuance of the full financial report dated 20 August 2003.

Sydney, 10 September 2003.

KPMG

KPMG

Geoff Wilson

G R Wilson
Partner

Lend Lease Foundation

In 1983, Lend Lease Corporation established 'Lend Lease Foundation' to assist in the well being and career development of Lend Lease employees and their families. In summary, the Lend Lease Foundation mission is to foster connections and collaborations that build a successful Lend Lease community.

As the Foundation celebrates its 20th anniversary, it continues to focus on building and sustaining the social capital of the Lend Lease global community by encouraging relationships and networks that build respect, knowledge and an appreciation of the various communities in which our employees interact.

Foundation programs bring employees together outside day to day business activities. Social, recreational, educational and community related programs introduce employees from different offices and unrelated businesses to each other and provide shared experiences.

Foundation programs fall into the following categories:

Developing U – learning and development opportunities for employees, promoting professional and personal growth. Examples include our flagship global program 'Springboard', which brings employees together for a four day conference, dedicated to personal growth and leadership.

Connections – building camaraderie and team dynamics. These programs offer employees and their families an opportunity to get together for rest, relaxation and fun, and include initiatives such as family days and movie nights. This year's bowling tournament in the US brought together over 2,300 employees and their families from 46 offices.

Community – giving back to the communities in which Lend Lease employees live and work. Foundation's longest running and most popular global program is 'Community Day', where, on one day a year, 10,000 plus employees all over the world take time out to volunteer in their community. Over the years, we estimate Lend Lease employees have volunteered more than 120,000 hours on Community Day alone.

These programs also provide networking opportunities for employees outside the scope of business operations incorporating formal and informal forums.

Foundation operates through a global network of over 200 Foundation representatives, each maintaining full time jobs in addition to their Foundation responsibilities. Their charter is to help make Lend Lease a great place to work through the design and implementation of Foundation programs. Foundation representatives work with a small team of Foundation employees to create and manage programs. These programs are reviewed on an ongoing basis.

Foundation activities are funded by distributions from existing employee benefit vehicles. The business units do not fund Foundation activities, and it makes no claims on Lend Lease for funding or administration.

We are proud of Foundation and its history. It is unique to Lend Lease, and represents a deep and long standing commitment to employees.

Lend Lease Foundation

Revenue	June 2003 A$m	June 2002 A$m
Gross income from employee benefit vehicles	6.1	5.2
Total revenue	**6.1**	**5.2**
Expenses		
Global programs/operations	2.9	1.4
Asia Pacific programs	1.5	1.7
Europe, Middle East & Africa programs	1.6	1.8
The Americas programs	2.7	3.0
Total expenses	**8.7**	**7.9**
(Loss) before tax	**(2.6)**	**(2.7)**
Tax benefit	2.6	2.7
Profit/(loss) after tax	**0.0**	**0.0**

Shareholder Information

Stock Exchange Listings and Code

Lend Lease Corporation Limited is listed on the Australian and New Zealand Stock Exchanges and trades under the ASX code LLC.

American Depository Receipts

In the US, Lend Lease shares are traded on the over the counter market in the form of sponsored American Depository Receipts (ADRs) under the symbol "LLESY". Each ADR represents one ordinary share. Information about ADRs is available from the depository, The Bank of New York (www.adrbny.com).

Share Accumulation Plan

The Share Accumulation Plan is designed to be a convenient way for shareholders with a registered address in Australia or New Zealand to build their shareholdings without incurring transaction costs. The laws of other countries make it difficult for us to offer shares in this way.

Lend Lease shareholders are able to reinvest their dividends to acquire more Lend Lease shares through the Dividend Reinvestment Plan (DRP) or the Share Election Plan (SEP).

Shareholders may also make contributions of between A$500 and A$2,500 to acquire new Lend Lease shares under the Share Purchase Plan (SPP). A SPP application form is mailed to eligible shareholders (registered as the holder of at least 100 shares at the record date) with each dividend.

The rules of the SPP are set out in the Share Accumulation Plan Information Sheet. Copies are available from the Registry (ASX Perpetual Registrars Limited) or the Lend Lease website.

Please note that the Share Accumulation Plan has been suspended until further notice.

Annual Report

This Annual Report can be found on our website. Shareholders who do not wish to receive future Annual Reports should contact the Registry. Shareholders electing not to receive Annual Reports will continue to receive all other shareholder information, including Notices of Annual General Meetings.

Privacy Legislation

Under Chapter 2C of the Corporations Act 2001, a shareholder's information (including the name, address and details of shares held) is required to be included in Lend Lease's public register. This information must continue to be included in Lend Lease's public register for seven years when a person ceases to be a shareholder. These statutory obligations are not altered by the Privacy Amendment (Private Sector) Act 2000. Information is collected to administer the shareholder's holding and if some or all of the information is not collected, then it might not be possible to administer the holding. Lend Lease's privacy policy is available on our website. The Registry's privacy policy is available on its website (www.asxperpetual.com.au).

Dividend and Share Accumulation Plan Issue Price History

Payment Date	Dividend	Dividend per share	Franking Rate	DRP price A$	SEP price A$	SPP price A$
18 September 2003	Final*	20 cents	Nil	10.64	suspended	suspended
19 March 2003	Interim*	10 cents	100%	8.71	8.71	8.71
19 September 2002	Final*	9 cents	100%	11.02	11.02	11.02
20 March 2002	Interim*	9 cents	100%	11.79	11.79	11.79
13 September 2001	Final*	8 cents	100%	10.97	suspended	10.97
14 March 2001	Interim*	13 cents	Nil	14.85	suspended	14.85
14 September 2000	Final*	32 cents	100%	19.82	19.82	suspended
15 March 2000	Interim*	32 cents	100%	20.34	20.34	20.34
16 September 1999	Final*	31 cents	100%	19.66	19.66	19.66
17 March 1999	Interim*	29 cents	100%	21.46	21.46	21.46
17 September 1998	Final	54 cents	100%	34.12	34.12	34.12
18 March 1998	Interim	53 cents	100%	35.06	35.06	35.06
18 September 1997	Final	50 cents	100%	30.48	30.48	30.48
19 March 1997	Interim	48 cents	100%	23.41	23.41	23.41
1 November 1996	Final	47 cents	100%	20.71	20.71	20.71
29 March 1996	Interim	43 cents	100%	17.47	17.47	N/A
3 November 1995	Final	38 cents	100%	16.89	16.89	N/A
28 June 1995	2nd Interim	11 cents	100%	16.84	16.84	N/A
31 March 1995	Interim	36 cents	100%	15.08	15.08	N/A
28 October 1994	Final	36 cents	100%	15.18	15.18	N/A
27 June 1994	2nd Interim	10 cents	100%	15.10	15.10	N/A
13 April 1994	Interim	34 cents	100%	16.10	16.10	N/A
22 October 1993	Final	33 cents	100%	suspended	suspended	N/A
15 July 1993	Special	10 cents	Nil	12.79	12.79	N/A
29 March 1993	Interim	33 cents	100%	suspended	suspended	N/A

* 1:1 bonus share issue was implemented in December 1998.

Share Information at a Glance at 10 September 2003 (5 September 2002)

	2003	2002
Number of shareholders	72,393	84,288
Shares issued	428 million	435 million
Percentage owned by 20 largest shareholders	67.10%	61.71%
Interim dividend	10 cents per share (100% franked)	9 cents per share (100% franked)
Final recommended dividend	20 cents per share (unfranked)	9 cents per share (100% franked)
Total dividend	30 cents per share	18 cents per share
Dividend pay-out ratio	56%	34%

Spread of Shareholdings at 10 September 2003

1 to 1,000 shares	43,018
1,001 to 5,000 shares	25,330
5,001 to 10,000 shares	2,501
10,001 to 100,000 shares	1,431
100,001 shares and over	113
Total number of shareholders	**72,393**

2,052 shareholders (representing 36,229 shares) held less than a marketable parcel.

Twenty Largest Shareholders at 10 September 2003

Name	No. of Shares	% of Issued Capital
J P Morgan Nominees Australia Limited	72,888,061	17.04%
LL Employee Holdings Custodian Pty Limited	54,149,223	12.66%
National Nominees Limited	49,544,631	11.58%
Westpac Custodian Nominees Limited	31,283,399	7.31%
RBC Global Services Australia Nominees Pty Limited	16,276,642	3.80%
Citicorp Nominees Pty Limited	12,717,157	2.97%
ANZ Nominees Limited	8,285,068	1.94%
Queensland Investment Corporation	7,162,239	1.67%
HSBC Custody Nominees (Australia) Limited	5,563,857	1.30%
Commonwealth Custodial Services Limited	4,808,531	1.12%
Cogent Nominees Pty Limited	4,754,937	1.11%
AMP Life Limited	3,627,948	0.85%
Zurich Investment Management Limited	3,369,545	0.79%
Fleet Nominees Pty Limited	3,336,244	0.78%
Guardian Trust Australia Limited	1,972,405	0.46%
Perpetual Trustee Company Limited	1,721,843	0.40%
NRMA Nominees Pty Limited	1,685,646	0.39%
Government Superannuation Office	1,560,418	0.36%
Bond Street Custodians Limited	1,254,267	0.29%
Fortis Clearing Nominees Pty Limited	1,210,906	0.28%
		67.10%

Substantial Shareholders as Shown in the Company's Register at 10 September 2003

Name	Date of Last Notice Received	No. of Shares	% of Issued Capital
LL Employee Holdings Custodian Pty Limited[1]	18 Jul 2003	56,441,032	12.92%
Maple-Brown Abbott Limited	17 Mar 2003	30,832,357	7.05%
Deutsche Bank AG	14 Jul 2003	25,650,479	5.87%
Merrill Lynch Asset Management, L.P.	6 Nov 1996	23,745,234	5.00%

1 This is a Lend Lease employee benefit vehicle.

Directory

Annual General Meeting

The 2003 Annual General Meeting of Lend Lease Corporation Limited will be held at 2.00pm on Wednesday, 12 November 2003 at the City Recital Hall, Angel Place, Sydney, Australia. Full details of the Meeting are contained in the Notice of Annual General Meeting sent with this Report.

2004 Financial Calendar

19 February:
Announcement of Half Year Results

17 March:
Interim Dividend Payable

18 August:
Announcement of Final Results

15 September:
Final Dividend Payable

November:
Annual General Meeting

Directors

D A Crawford, Chairman

G A Clarke, Managing Director and Chief Executive Officer

R A Longes, Deputy Chairman

J E Curin

G G Edington

P C Goldmark

Secretaries

P W Crewes

S J Sharpe

Stock Exchange Listings

Australia
New Zealand

Lend Lease Corporation Limited

ABN 32 000 226 228
Incorporated in New South Wales, Australia

Registered Office

Level 46, Tower Building
Australia Square
George Street
Sydney NSW 2000

Telephone: 61 (2) 9236 6111
Facsimile: 61 (2) 9252 2192

Auditors

KPMG
The KPMG Centre
45 Clarence Street
Sydney NSW 1213

Share Registry and Shareholder Queries

Principal Register

ASX Perpetual Registrars Limited
Level 8, 580 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

Telephone: 1800 230 300 (within Australia) or 61 (2) 8280 7123 (outside Australia)
Facsimile: 61 (2) 9287 0303
Email: registrars@asxperpetual.com.au
Website: www.asxperpetual.com.au

UK Register

B Davis & Co
Park House
158-160 Arthur Road
Wimbledon Park
London SW19 8AQ

Telephone: 44 (20) 8947 3361
Facsimile: 44 (20) 8944 1039
Email: enquiries@BDavis.co.uk
Website: www.bdavis.co.uk

US Agent

The Bank of New York
Depository Receipts Division
101 Barclay Street
22nd Floor
New York NY 10286

Telephone: 1 (212) 815 2293
Facsimile: 1 (212) 571 3050
Website: www.adrbny.com

Investor Information

Lend Lease's Annual Report, financial statements and other information on the Lend Lease Group can be obtained from Investor Relations.

Telephone: 61 (2) 9236 6065
Facsimile: 61 (2) 9252 2192
Email: investor.relations@lendlease.com.au
Website: www.lendlease.com

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www.lendlease.com

Lend Lease