Lend Lease
CORPORATION

Report of the
Annual General Meeting **1999**

AGM

Abridged addresses by:

Chairman

Chairman Elect

Managing Director

Executive Director
– Asia Pacific

CEO, Lend Lease Foundation

Resolutions

Retirement of Directors

Summary of Comments and Questions at the Meeting

Abridged addresses by:

Address by the Chairman – Stuart Hornery

Good evening, ladies and gentlemen, and welcome to our 42nd Annual Meeting.

Unfortunately, due to illness, Evan Cameron has extended his apologies for the Meeting. We wish him a speedy recovery.

As you know, I indicated this time last year that I would hand over the Chairman's baton to Peter Willcox at the AGM in the year 2000. So we're now at the half way stage. The process has gone smoothly, and we both expect that the transition will be completed next year on schedule. This year's AGM is an integral part of that transition.

Governance in all its forms has always been a priority for Lend Lease and, given our extensive global push this decade, it has been a particularly onerous task on both Directors and management. Peter will outline why, as a Board, we have devoted so much energy to getting our global strategy right.

In addition, we are approaching a period when a number of long-serving Directors are going to retire and be replaced. And I am sure you will remember Roy Robinson, my boss in the 70s, who used to say that Lend Lease is like a bus. Some passengers get on, and some get off, as it goes along. And so it has been with this Board over the years.

But, notwithstanding, replacing Directors isn't an easy matter, as Peter will explain.

David Higgins will then give you an overview of our strategy, and the progress he and his team have made towards implementation. We have had another excellent year financially and the story David has to tell should give you great confidence about the future prosperity of the Group.

Next, David Clarke, who has direct responsibility for Australia and Asia, will outline the success we are having in Financial Services. He is also going to talk about our Real Estate division that has also scored quite a number of successes during the year.

You know that one of my great passions in this company is the employees. I have always believed that it is their drive and dedication that is behind the value of this organisation.

They are also our largest shareholder so, like you, they get the benefit of being owners. Income from about half their holding flows to an Employee Foundation which was established back in 1983 to further their personal development and also to foster their understanding of what we call these days "the Lend Lease Way".

Caring for our people has always been everybody's responsibility in Lend Lease, but the Foundation does play a critical role in employee affairs. So I thought you would like to hear from Michael Gorman (refer to page 16), who is the CEO of the Foundation, particularly as we are about to increase the number of employees from the current level of around 5,000 to over 10,000. And particularly as employees have the opportunity to vote on all the resolutions in front of you this year for the first time.

Finally, I'd like to show you a brief video of Bluewater and its flow-on consequences. We achieved quite a lot this year, but the success of Bluewater cannot be overestimated. Indeed we made a lot of money, as you can see in the Annual Report, hundreds of millions in fact.

But most of all, it is now acknowledged as the benchmark in shopping centres around the world. It is even acknowledged by the big players from North America. It has become the fundamental plank in building our global reputation. As shareholders, you can be justifiably proud of this achievement.

[Video of the creation of Bluewater was then shown, including commentary on its relevance to the formation of a Real Estate Investments business in Europe.]

Address by the Chairman Elect – Peter Willcox

The last three years have been a period of unprecedented growth for Lend Lease, particularly in our overseas expansion.

This was spearheaded in the United States by our $600 million acquisition of ERE in June 1997. This established us as one of the leading property managers in the world's largest property market, and has brought us the people, knowledge and relationships to generate a stream of future opportunities.

Our development of Europe's largest shopping centre – Bluewater – has established our reputation and partnerships with regional investors that have opened up opportunities throughout Europe. And last month we reached agreement to purchase Bovis for $700 million. That's the largest acquisition that Lend Lease has ever made.

In Asia, this month we announced the acquisition, for $250 million, of a controlling interest in CEF Life in Hong Kong.

Such rapid expansion in America, Europe, and Asia could not have been achieved without rigorous appraisal and management of the risks involved. The total cost of Bluewater alone, for example, was $1.8 billion which would have been a significant enough risk if the project had been located where our skills were strongest, but truly daunting on the other side of the world.

Many Australian companies have failed in their efforts to expand internationally, and in the last decade we are all familiar with examples of companies which were quite successful in Australia, but which squandered literally billions of dollars of their shareholders' money in failed efforts to expand overseas.

We took the view that we could not contemplate large overseas investments of your money without a deep involvement of the Board. This involved the recruitment of Directors who were not only highly qualified, but also resident and immersed in the markets in which we planned to invest – Jill Ker Conway in the United States; Rudi Mueller in Europe, and Yong Hai Chua in Singapore – and careful and detailed oversight of all of the investments by Regional Boards in America, Europe, Asia and Australia.

All of these Regional Boards included both executive and non-executive Directors from the Lend Lease Corporation Board.

This has involved a substantial commitment of time and travel by both executive and non-executive Directors. Stuart Hornery, for example, at one time was flying to London every six weeks to chair the Bluewater Project Control Group.

Beachheads are dangerous places to be and, although one should be careful about claiming victory too soon, I think it is clear that we have moved off our beachheads in both Europe and the United States.

We are now in the process of reorganising our Board structures to align them with the positions we have established, and to provide governance appropriate to the next phase. Under the Corporation Board, our Regional Boards will be merged into two global business Boards – Global Real Estate, which will be chaired by Jill Ker Conway, and Financial Services, which will be chaired by Richard Longes. Again, both business Boards will include executive and non-executive Directors of the main Board.

With Don Sanders and Bill Webster retiring at this Annual General Meeting, and Stuart retiring at the next, we have been searching around the world this year for new non-executive Directors. I am very pleased that we have been able to shortlist what I think are some exceptional candidates, and it is very gratifying to find that the reputation we have established attracts high calibre people.

Two of these candidates, Gordon Edington and Peter Goldmark, have been invited to join the Board; unfortunately too late to present them for election at this Annual General Meeting, but it is intended that they be appointed later this year, and will stand for election at next year's Annual General Meeting.

Gordon Edington has extensive experience of property in the UK and internationally. Most recently, as a main board director of BAA plc (the former British Airports Authority) and Chairman of BAA International, he was responsible for acquiring interests in airports around the world.

He is immediate past President of the British Property Federation and a recent Member of the Bank of England Property Forum. He is Chairman of Greycoat Estates and a Vice President of the UK national charity, Action for Children. We had no trouble finding out his views on our business, since he is the author of a book *Property Management – A Customer Focused Approach*, which I commend to you.

Gordon will bring valuable international property experience to the Board and we look forward to his joining us.

The second proposed new Director is Peter Goldmark. Peter is Chairman and CEO of *The International Herald Tribune*. He works out of Paris and is responsible for the direction and management of this pre-eminent international English-language newspaper (which is owned jointly by *The New York Times* and *The Washington Post*).

Prior to this, Peter had a remarkably varied and interesting career including: President and Chief Executive of the Rockefeller Foundation; 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.

Peter's wealth of experience will be invaluable to us.

So, although Don and Bill will be sorely missed, we will be pleased to welcome Gordon and Peter. It is worth noting that once they have joined the Board, half of our non-executive Directors will be resident overseas.

And now I'd like to hand over to your Managing Director, who will review in more detail our progress in building a company which we intend to be as successful globally as it has been in Australia.

Address by the Managing Director – David Higgins

Our results last year were slightly better than the market expected, and earnings per share increased by 16%. This was above our 5 year objective, which is growth of at least 10% p.a.

The dividend you received increased from 53.5 cents to 60 cents. You'll recall this was adjusted for last year's 1 for 1 bonus issue.

While accounting profit is important, our main aim is to create value for our shareholders for the years ahead.

It is this effort which drives our share price performance in the longer term.

In our last two Annual Reports we have illustrated how, throughout our history, we have embarked on major initiatives every few years to create new platforms for the next phase of profit growth and value generation.

Since 1997, we have been expanding our business internationally. Last year we took steps to free up our capital by the sale of Bluewater and the forward sale of Westpac shares, to position us to be able to invest when opportunities emerged.

We have recently announced three acquisitions and a potential fourth in America. We are now entering a new phase, the integration of these acquisitions into our other businesses. We will continue to aggressively free up our balance sheet via further asset sales and, again, we have flagged some of these, such as our office developments in Sydney.

This is consistent with Lend Lease's long term strategy of maintaining a strong financial position and credit rating.

All of these actions are designed to ensure that our growth continues beyond the next two years, for which profits are already largely in the system.

Financial Services

Our first involvement in Financial Services was in the early 1980s when we began the acquisition of a life insurance company, MLC.

In the next few years we acquired two other life insurance operations, Capita and Australian Eagle, and merged them with MLC.

Since then we have evolved this organisation into a funds management operation, providing services to a wide range of Australians.

Last year we undertook a major study, which predicted that in the five years from 1997-2002 the industry would grow from $352 billion in funds under management to $571 billion. So far the industry has grown faster than this. It is a great business to be in.

Our study also identified how money flows into various products and services and projected how each of these would grow over that five year period.

We have ensured that we have high quality offerings in each distribution or access channel.

You'd recognise some of these as:

- Your Prosperity – for people who want to invest by the internet
- FlexiPlan – if you want to invest through a Discretionary Master Trust, or
- Our whole intermediary network.

To make significant progress from this very solid platform, we realised we had to make a heavy investment in terms of money and time. One of the outcomes of this was a major initiative called MasterKey, which we launched on 1 July.

There has been an immediate beneficial impact on our retail sales figures, which have increased by 38% in the first three months of the year. MasterKey is very important to us, and David Clarke will describe it more fully in a few minutes' time.

In our Annual Report I said that one of our objectives is to expand our Financial Services business in Asia, where we were in serious discussion regarding potential acquisitions in two countries.

Last week one of these came to fruition and we announced the acquisition of 55% of CEF Life, the seventh largest life insurance company in the fast-growing market of Hong Kong. This is a major initiative for us in expanding our Financial Services operations outside Australia, and was the result of discussions over an 18 month period.

Our Financial Services operations have represented a significant component of our profit growth in recent years. They are a fundamental part of our plans going forward. The expenditure we are currently making should help to generate a continuation of this profit growth, but it is likely to cause profits from this segment to be constrained for the next two years.

Real Estate

This is a story of extending from being a leading operator in our home market to increasingly expanding into overseas markets.

We have three main Real Estate operations:

- Real Estate Investments
- Property Development
- Project Management, Design and Construction.

Our aim is to grow and expand each of these in their own right into leading international status.

We also intend to maintain competitive advantage from the linkages between them. It represents a five year plan which will require a huge amount of management time and commitment. This is essential for the future success of our Group.

I'll take our Real Estate Investments activities first.

You may think of them as property funds management. The products you'd recognise in Australia include General Property Trust, Darling Park Trust and MLC's Property Securities Fund.

We've been in this business in Australia for 28 years and, as you would expect, we cover the market, from institutional investors to individuals.

Back in 1993 we got a foothold in the US market when we bought a property advisory group, Yarmouth, and four years later bought a much larger organisation, Equitable Real Estate.

Today we have a major business in the US servicing major institutions. We are now the largest real estate manager for pension funds in that country.

For the past two years we've focused on reorganising our US operations, and upgrading our services and product range. What we now intend to do is to provide products and services to the other parts of that market, just as we've done in Australia.

This will involve property securities and mortgages.

A couple of weeks ago we announced that we had acquired a company called Boston Financial Group, which is a real estate specialist in the US apartment market. This acquisition provides us with expertise in a section of the market in which we weren't active, but which is very attractive to US institutional investors.

It's a good example of the direction in which we're heading.

In Europe, we made a start earlier this year when we launched a £500 million Fund for 18 leading UK institutions. The assets comprise 25% of Bluewater and our project under development in Solihull.

So we have a foothold in the European institutional market. We plan to extend this also over the next few years, just as we're doing in the US, and have done in Australia.

Our second Real Estate activity is Property Development, which is well known to you because of buildings here in Sydney such as Australia Square and MLC Centre, and Riverside in Brisbane.

In the 1990s you've seen us broaden our capabilities, with several developments in Australia and extending into Asia, with a focus on Singapore.

It was a significant step for our Group when five years ago in the UK we committed to developing Bluewater, the largest development we've ever undertaken, and just about as far away as we could get from our home base in Australia.

Off the back of the reputation we've been creating in England, you now see us addressing opportunities elsewhere in Britain, and also on the continent of Europe – in Spain and Portugal. We'd also like to undertake some development in the US.

I'll turn now to our third Real Estate activity – our Project Management, Design and Construction business, which we used to call Civil & Civic. This company began life even before Lend Lease, and was the genesis of our Group. It has also been the training ground for many of our senior executives.

What this business does is to design and construct buildings specifically to meet our clients' needs. It's much more than just constructing buildings – it's part of what makes us different. We're always striving to create something special for our clients so that their businesses operate better, and they keep coming back to us.

We operate throughout Australia and New Zealand and have been in Singapore for 26 years. In the mid 1990s our operations extended into other parts of Asia, and also to India. Our first Project Management project in the UK began in 1996 at Bluewater.

Address by the Managing Director – David Higgins *(continued)*

This year we got a foothold in Europe through a company called Crystal and our first, but very small, presence in the US.

But in reality, our great strength has continued to be in Australia and Asia.

In order to turn our operations into a truly global business in its own right, we knew it was important for us to have significant business operations in Europe and the US. That became our challenge.

A month ago we took the opportunity to acquire Bovis, an organisation which we have worked with over four years.

Bovis is a Northern Hemisphere version of Lend Lease Projects, but its approach is slightly different – it is more fee based, less subject to market cycles, and is lower risk.

Bovis is such an important component of our global plans that I'd like to spend some time on it.

Bovis has a record of involvement in major projects that are recognised internationally. For example, it has been involved in many large, high profile projects such as: the Statue of Liberty refurbishment; Canary Wharf in London; the facilities for the Atlanta Olympics, and the two landmark Petronas office towers in Kuala Lumpur – the tallest towers in the world.

Bovis has an excellent client list of major multinationals, some of whom it has worked with for over 50 years.

Lend Lease has been one of its clients. We worked together on Bluewater, as a result of which we've used them on our other UK and European developments. Over this time we've got to know its management and people very well, and believe there is a very good cultural fit between our organisations.

Its operations are truly global, but it's clear that its major strengths are in Europe and the US. These are exactly the two locations where we had the challenge of creating operations. In Europe its operations cover the continent. It would have taken us years to create this network.

It is obvious why Bovis is a good fit – immediately filling the gaps to create a truly global, high quality business.

I have explained how our recent acquisitions fit the business strategies for our two core businesses – Financial Services and Real Estate, and how they will contribute to Lend Lease's evolution into its next phase of growth.

This all represents a tremendous opportunity. However, we are very aware that we will need to be focused and committed to implement the integration and ensure delivery against our business plans. We have every intention of succeeding.

Before closing, two matters deserve mention.

Firstly, a new accounting standard will be implemented for our half-year accounts at 31 December 1999.

In technical terms, the Statutory Funds of MLC (which belong to MLC policyholders, not to Lend Lease shareholders) will be consolidated on Lend Lease's balance sheet. This is an accounting change, and will not materially affect the financial position or performance of Lend Lease.

To assist you to make sense of these changes, in addition to the "statutory accounts" which, in our opinion, will become quite misleading, we will produce statements for shareholders which reflect reality somewhat better.

The second issue is Australian Business Tax Reform. Based on current proposals that have yet to go through the political process, the corporate rate of tax will reduce, but taxation of life offices will increase.

The net result for Lend Lease shareholders will be slightly negative.

However, I am pleased to confirm that, taking the proposed tax changes and our recent acquisitions into account, we are maintaining our objective of earnings per share growth of at least 10% p.a. In line with this, we are budgeting for an increase in after tax profit this financial year and a fully franked dividend for this financial year.

You will be aware that a few months ago I moved to London so that I could concentrate on the types of initiatives I've been talking about, particularly in the Northern Hemisphere.

To ensure that our operations in the Pacific and Asian regions are properly managed, David Clarke now has direct responsibility for these operations, reporting to me.

Address by Executive Director – David Clarke

As you've already seen in the Annual Report and heard from David, 1999 has been a very good year for Lend Lease as a whole, and in particular for the Asia Pacific region for which I have responsibility.

Real Estate

In anticipation of a recovery in the Asian markets, we have just completed a re-assessment of our Real Estate business in Asia. As a result of that re-assessment, our primary focus will be the markets of Singapore, Hong Kong and, to a lesser extent, Taiwan.

However, because of the cyclical nature of the Asian markets, we will be approaching them with some caution, as you would expect.

Here in Australia, the nature of urban development in recent years has changed dramatically. The requirements of customers, governments, councils and environment are increasingly challenging. This has created a set of conditions that are tailor-made for the application of our core project management skills to the residential market.

We have reached significant sales milestones in a number of our projects.

Jacksons Landing at Pyrmont has sold over 180 homes, and the Renzo Piano designed Aurora Place, in Macquarie Street, has 90% of the residential apartments sold.

In particular, at the Olympic suburb of Newington, over 1,100 residences will be constructed before the Games. Over the life of the project sales are expected to be in excess of $900 million. The Village is unique in that it is the world's largest solar powered suburb. All environmental issues have been addressed in the development including sustainable energy sources; renewable construction materials; local flora and fauna conservation, and waste minimisation.

In Queensland, Twin Waters Residential Community Project continues to receive national recognition and is now the most awarded residential project in Australia.

Turning to property funds management vehicles managed by Lend Lease, the Darling Park Trust has offered for sale its 50% interest in Darling Park, together with the other owners – one of which is Lend Lease, which owns 30%.

The Manager and the owners are currently reviewing the offers received. Once final offers are received, an assessment and recommendation will be made. Any sale proposal of the Trust's interest would be submitted to a meeting of Darling Park Trust unitholders for approval.

General Property Trust – GPT – is well positioned given the quality of its portfolio and the market fundamentals. This year GPT expects to again achieve an increase in underlying earnings per unit and is well placed to continue to do so, with strong sales growth in the retail portfolio and 96% of the office portfolio leased.

An example of GPT applying its competitive advantages to add value for its investors was the acquisition, using innovative debt and equity raising arrangements, when earlier this year it acquired a controlling stake in the Melbourne Central retail and office complex for just over $400 million.

GPT closed the year with total assets of $4.6 billion, up from $3.9 billion in 1998.

David Higgins talked earlier about the globalisation of the Group's businesses and how it would benefit shareholders.

This morning we announced an example. Australian investors have made it clear to us they want the opportunity to invest in listed property securities, backed by quality assets in developed markets other than Australia, which deliver a good level of income.

The Lend Lease US Office Trust is being formed to give Australian investors, both institutions and private individuals, an opportunity to gain exposure to the US office real estate market.

Funds raised through the offer will be used to acquire interests in seven prime US office buildings, which will be held jointly with a highly regarded US property trust. This will give Australian investors the opportunity to access the US office market, while maintaining the local liquidity advantage of their investment being listed on the Australian Stock Exchange.

In case you have an interest, all Australian resident Lend Lease shareholders will be mailed one of these summaries of the Trust Offer, along with an invitation to order a prospectus.

The last highlight of our Real Estate business that I'd like to mention is our joint venture with News Corporation, Fox Studios Australia at Moore Park.

Fox will open on 8 November and is one of the most exciting projects we have ever been a part of. I know you'll enjoy the experience when you visit.

Financial Services

This core business continues to perform extremely well. Retail funds management sales increased by 29% last year to a new record of $3.1 billion, with an 86% increase in the net funds flow.

The push is now on to expand our access to customers. To do this you will see an increased breadth and depth of offering from MLC, with a particular focus on providing clients with unprecedented, secure access to information on their investment portfolios through our site on the internet (www.mlc.com.au). This is part of our MasterKey system which we only launched on 1 July. The initial response has been very encouraging.

Over the past three years MLC has undergone a rigorous re-engineering of its business, processes and systems – out of which came MasterKey among other concepts, and of course the achievement of our targeted 40% reduction in costs.

This re-engineering has also freed the organisation to grow more aggressively.

The re-engineering has not only been applied to business, but also to our premises in North Sydney, which have been transformed into the workplace of tomorrow. We've called it Campus MLC. It is a direct response to the challenges facing MLC in servicing its marketplace, and attracting and retaining skilled people.

In the corporate sector of Financial Services, Lend Lease Investment Services has performed well, increasing sales by 62%. However, outflows were higher than expected, as some corporate superannuation funds moved away from diversified managers to specialist managers of money.

We are addressing this trend through the creation of our own specialist investment management groups.

Our internet investing company, Your Prosperity, launches on-line share trading and managed fund trading next month to complement its extensive on-line master trust offering (www.yourprosperity.com.au).

Looking to the future, you will also see a much stronger push overseas, primarily in Asia, but not exclusively so.

Last week we announced the purchase of a 55% interest in a fast growing Hong Kong life insurance company which will be known as CEF Lend Lease Life.

The Hong Kong life market has grown between 15-20% a year since 1991, making it an extremely attractive opportunity. While we considered a number of companies for acquisition, the quality of the management and shareholders of this company – major holders being Cheung Kong and Canadian Imperial Bank of Commerce – impressed us a great deal.

Lend Lease will have the majority of directors on the new Board, of which I will be Chairman.

Our Indonesian operation in Financial Services, Simas Lend Lease Life – of which we now own 80%, has 200 local employees, and is based primarily in Jakarta.

We are very conscious of the safety of these employees, and constantly monitor conditions very carefully. For example, during the recent riots we closed the office to ensure that our Indonesian employees were not in danger in their regular commute to the office.
The business is performing well in a very difficult social, political and economic climate.

Here in Australia you will all be aware of the Federal Government's tax reform programme.

All of Lend Lease's Australian businesses will be affected by the introduction of GST in Australia on 1 July 2000. We are preparing and will be ready for its introduction well before that date. The single largest impact will occur in our Financial Services business.

In financial terms, the one-off cost to the Group is of the order of $15 to $20 million. This cost has been provided for in our budgeting.

Address by CEO, Lend Lease Foundation – Michael Gorman

Lend Lease employees tend to be highly motivated and focused people, as you would expect. But, more than that, we are passionate about what Lend Lease stands for; its ideals or core values and how we strive to live them in our work and at home.

Lend Lease Foundation was set up to nurture that passion in our people. We have over 200 volunteer representatives from all parts of the Lend Lease world and are funded by the dividend income from employee shares. As we say in the Annual Report, "Lend Lease Foundation is the voice of Lend Lease people".

Day to day I like to think of what we do as developing well-rounded employee shareholders. What does that mean? Well, it's three things; firstly, and I guess most importantly, it means that we know our jobs. Foundation runs programmes that help existing employees and those new to the business understand our unique culture and how to make the most of it. This is obviously a vital part of what we do, especially given our current expansion from 5,000 to in excess of 10,000 people around the world.

The second is that we are well-rounded individuals, that our personal lives are in balance and that we have outside interests. Foundation runs programmes that target personal health and well-being, family and balance. So that we all have the chance to lead very busy lives but yet rewarding ones as well.

Thirdly, it's about being active members of the communities in which we all operate. That's why we have programmes such as Community Day. 23rd September was the fourth annual Lend Lease Community Day. Lend Lease employees around the globe spent the day out of the office on projects that they nominated and organised. In fact, so successful has this programme been that here in Australia we, together with our partners the Sydney City Mission, won the inaugural Prime Minister's Award for Excellence in Business Community Relationships.

Now this programme is pure Lend Lease. The businesses and employees giving back to the community in which they live and work in a totally innovative way. Community Day encourages Lend Lease people to volunteer, and we back that up with another programme called Community Grants. Let me leave you with a short video of David Sollis-Cohen of our New York office and their project in Harlem. [Video followed.]

Resolutions

The Annual General Meeting unanimously passed the following resolutions as described in the Notice of Meeting:

Ordinary Business

Accounts and Reports

1. To receive the Financial Statements for the year ended 30 June 1999, together with the Reports of the Directors and Auditors thereon and the Directors' Declaration.

Directors

2.–4. To elect Directors,
Mr E D Cameron, Dr Y H Chua and
Mr R E Tsenin retire in accordance with Article 6.1(f) of the Constitution and, all being eligible, submit themselves for re-election.

Retirement of Directors – Don Sanders and Bill Webster

DON SANDERS AND BILL WEBSTER

Two long-standing Directors retired at this year's Annual General Meeting, Don Sanders and Bill Webster. Mr Ian Crow, a former Director, paid tribute to their contribution to the Board and the company.

Don has been a non-executive Director of the company since 1992, following a distinguished career at the Reserve Bank as Deputy Governor and, subsequent to that, as Chief Executive of the Commonwealth Bank. He was awarded an Order of Australia in 1994.

Don has also been a substantial contributor to the Group at the Corporation level, through the Board Committees and, just as importantly, at the subsidiary company level through the European and North American Boards and as Chairman of the Financial Services Group, MLC. Don has made a large commitment to the guidance of the Group and used his broad business experience for the Group's benefit.

Bill joined Lend Lease in 1986 and became a Director in 1987.

The investment process that Lend Lease Investment Management utilise today reflects a long journey to build a leading edge investment philosophy for Lend Lease. Bill, along with our US consultants Frank Russell, pioneered the multi-manager philosophy that today is widely used by the whole industry. Lend Lease is a leading fund manager today thanks to Bill.

During his time with our Financial Services division Bill became the face of the Lend Lease/MLC investment process and turned what can be a very difficult and complex subject into an easy art. Over the last few years he has overseen the Group's communications area and indeed his expertise has added much to the Group's reputation in the broader market.

Q&A

A summary of comments made and questions asked during the Meeting included:

Capital Guardian (CANADA), Inc.

Mr Richard Havas, Senior Vice President and Director, Capital Guardian (CANADA), Inc. was quoted in the 1999 Lend Lease Annual Report to Shareholders. In response to an inquiry from a shareholder as to the background of Capital, the Chairman responded that it is a United States based fund manager, which has been a major shareholder in Lend Lease since 1974.

Capital is one of the largest active equity managers in the world. Lend Lease is the longest held non-US stock in Capital's entire global portfolio.

Benefits

In answer to a question regarding an explanation of the definition of the term "other benefits" as it applies to remuneration of executives (page 77 of the Annual Report), the Managing Director, Mr David Higgins, referred to page 75 of the Annual Report. He explained that it includes expatriate benefits such as accommodation allowances for executives located away from home, and to subscriptions into employee share plans.

Segment profit

In response to a request for further explanation as to the complexion of segment profit going forward, as illustrated in the Annual Report page 45, the Managing Director, Mr David Higgins, advised that these illustrations are included to provide shareholders with an indication of the changing contributions to profit.

In light of acquisitions announced since the financial year end, the emerging profile is again changing.

It is probable that the proportion of profit generated outside Australia will exceed 50% in the period to 2002 (compared with 42% indicated in the Annual Report).

Payout ratio

In response to a shareholder's comment that the payout ratio had decreased from 78% to 72%, the Chairman advised that the company aimed for a payout ratio of around 75% which was higher than most of our peer companies.

Gearing ratio

A shareholder asked what the gearing ratio for Lend Lease was following the recently announced acquisitions.

The Finance Director, Mr. Robert Tsenin, advised that the acquisitions in total were approximately $1.2 billion and that is the extent to which gross debt has increased. At the end of June 1999 Lend Lease had $620 million in cash. In addition payment for part sale of Bluewater was received at the beginning of July, resulting in extremely low gearing.

After allowing for recent acquisitions, gearing is still at a very reasonable level.

Mr Tsenin pointed out that a better indicator of the true financial health of the company would be to look at the interest coverage ratio, which is currently about 8 times.

ADI Site Sydney

A shareholder inquired as to the status of the proposed project for the ADI site in Sydney. Executive Director, Mr David Clarke, responded that the parties involved are part of a defined planning process and that, while it is difficult to put an exact date on commencement, we remain confident that the project will proceed.

Mr Clarke further advised that the ADI site is part of a total site measuring approximately 1500 hectares of land. Environmental issues at the site are complex and are being examined extensively. It is intended that 700 hectares of the site will be retained as bushland.

Bovis

In response to a question regarding whether Lend Lease intended to rebadge Bovis in Australia, the Managing Director, Mr David Higgins, advised that the integration planning was just commencing. It is expected that the Bovis name will be retained, but in a manner which indicates its integration with the Lend Lease Group.

Cash for Comment

In reply to a question as to whether Lend Lease had offered payment for favourable media comment, Executive Director, Mr David Clarke, responded that it had not.

CORPORATION

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