Lend Lease

Report of the Annual General Meeting 2000

Thursday, 2 November, 2000

Lend Lease
CORPORATION

REPORT OF THE

AGM

AGM

THE CHAIRMAN'S ADDRESS — STUART HORNERY

Good evening Ladies and Gentlemen, and a warm welcome to this year's Annual General Meeting.

It seems only yesterday that my mentor, the late Dick Dusseldorp, stood in front of you for the last time as Chairman. Now it's my turn.

I do so with a good deal of satisfaction, whilst at the same time not underestimating the challenges that face the Group. But Lend Lease has always loved challenges. That's one of the reasons it's always been an exciting organisation to work for, or invest in.

Tonight I will resist the temptation to dwell on the vision for the future. I'm sure you've all read the Annual Report, and you'll hear shortly from Jill and David, to whom that responsibility now falls. Nor do I want to indulge in past successes.

However, shareholders and employees want assurances that our strengths today are the fore runner of success tomorrow. So, here goes.

In my experience, to build successful companies you have to get pretty well everything right year after year after year. You have to make the right calls on all the big deals, whether buying or selling, manage your capital effectively, keep a tight reign on costs, and communicate openly with your constituents, just to mention a few of the things you have to do.

The only way you can carry this out effectively is to have employees throughout the organisation who care about what they do and how they do it, have an ability to reinvent themselves individually and collectively, and who never accept that a conventional solution is necessarily the right one.

Tonight, I'd like to tell you why these qualities are so abundant in Lend Lease and so important to our success.

And why going forward, in what management consulting firm McKinsey says will be an era where the war for talent will intensify, this reputation will be of even greater importance to sustaining growth and reputation. In fact, McKinsey and others maintain that superior talent will be tomorrow's source of competitive advantage, that a company's brand is the face that it presents to the world, and that at a company's heart must be an appealing culture and inspiring values. These qualities must apply to every activity and function within the company, and to every aspect of its behaviour.

We have Dick to thank for his wisdom in observing that highly motivated, disciplined, loyal, switched-on employees were not a given. That you needed a work environment where people came because they wanted to, not because they had to. That as an organisation, you had to earn the privilege of employing the best people, day after day.

And in his retirement address in 1988, Dick dwelt on an advanced form of this philosophy, observing that corporate democracy was a minimum requirement for economic progress in much the same way that political democracy is the minimum for individual well-being.

He believed, and so do I, that a company is an important social institution and as such, must carry out its work in a way that adds value to all members of society to whom it has a responsibility. Such a belief greatly transcends the idea of only creating shareholder wealth.

I discovered early on in the piece that a caring and inclusive organisation actually attracts the best and most thoughtful talent, at all levels. That an inclusive philosophy and the best talent creates an environment of trust, encouragement and excitement. That it is also empowering, and as such, provides the ingredients for getting most things right most of the time. Our record over 40 years bears testimony to that.

THE CHAIRMAN'S ADDRESS — continued

About 10 years ago, long before he became CEO, David Higgins put up a diagram at an executive meeting which showed how old organisations used to be structured, and how new ones would be.

In a debate about culture, David argued that Lend Lease was not a place for a conventional top down control system. That you needed to turn the diagram on its head, with employees being empowered.

You might say that such theory is all well and good, but how do you know it works? And, is it global for instance?

Well, I spoke last week to Professor Sully Taylor, of Portland University in the US, who is carrying out a global study on the impact that corporate culture has on competitiveness. We are participating in that study. Sully had just returned from visiting our Spanish and UK operations. In asking what she had found, it was not surprising to hear how energised our employees were, the level of empowerment, teamwork and trust that existed in both those locations, and how amazed she was to see the cohesiveness of the culture in a non-English speaking environment.

So, early days in our global march, but we have 40 years of cultural history as the springboard.

Our first step was made in the 50s when Dick signed an agreement with construction unions, which shared profit, and introduced superannuation for site workers, in return for proper consultation. Many of those site workers are in the audience tonight. We were roundly criticised of course for being in bed with the unions, but it was the beginning of a relationship with employees and their unions, which has underpinned our performance in construction and financial services ever since.

Today, employees own over 14% of our capital. They have shared in our success, just like you have.

Our partnership with the ACTU continues to enhance Australia's skill development programs, for which it is widely applauded by employees in particular and the Australian community in general.

So 40 years ago we got off on the right foot, and successive generations of management have built on this first initiative, including its application to companies that we have acquired along the way.

MLC for example, when we acquired it, had as different a culture to the one I've described, as you could possibly imagine. Over the last 15 years, management and employees turned MLC from a traditional life insurance company that was losing market share into a modern and respected fund manager that ultimately created a lot of wealth for shareholders, employees and customers. This was largely achieved by an army of mostly young people who took to heart the task of inventing their own transformation programs like Breakthrough, all of which demonstrated how employees could leverage improved performance.

No goal was too ambitious, no stone left unturned, and no conventional wisdom, abundant in that industry, went unchallenged. And their focus even included their own work environment, which subsequently became known as Campus MLC. The brief for the building transformation was written by employees, with the heading IMAGINE.

Young workers today don't differentiate much between work and social life, and look for a casual atmosphere, opportunities to socialise and informal areas where ideas develop. As a consequence, Campus MLC became a vibrant heart in the form of a vertical street running right up through the building. It's been written up around the world as a model of tomorrow's work environment. We should establish similar environments everywhere we operate.

On a different front, in Australia we have recently

THE CHAIRMAN'S ADDRESS — continued

completed the makeover of Sydney Airport against a "no extensions of time" deadline, the Olympic Games. As you can imagine, it was a highly complex task, lots of players and lots of politics, working on dozens of fronts, whilst keeping the airport working at full capacity.

A thousand or so workers and management, helped by the employee foundation, bonded together under a program they developed themselves to ensure commitment to a united purpose. It was called 'In Perspective' and it addressed a range of issues, including personal and team stress, competing objectives and potentially disintegrating lines of communication. I'd venture to say that this program was at the heart of meeting our commitments without totally burning out our people in the process.

Offshore on Bluewater, as indeed on other projects in Europe, we assembled a team that leveraged every aspect of an idea relentlessly, until we had a project that would set new standards on everything, and which would put Lend Lease on the world stage.

Perhaps their greatest achievement was to extend our culture of inclusion, not just across the property chain, but also deeply into the community. For example, about a third of the first thousand construction workers were drawn from the long term unemployed in the local community. Imagine the impact on our reputation.

Sounds altruistic perhaps, but those were just some of the factors that turned several hundred million of your dollars into a three billion dollar powerhouse, transforming a derelict chalk quarry into a productive amenity, and secured for the local community their economic and social future. Again, thanks to caring employees and other contributors with a similar bent.

One of the vehicles that acts as a catalyst for this culture is the employee foundation, which was set up in the early 80s, and which is funded by the dividend from some 30 million Lend Lease shares. It is administered by employees, and there are some 150 global representatives. The charter is quite simple, to focus on the individual and collective welfare of employees at and away from work.

Over the years, they've set up many programs to achieve this agenda, including Springboard, which assembles 50 employees several times a year drawn from around the world to focus, for a week, on coming up with creative solutions to business issues.

At the Boston Springboard in July for example, Ossie Falconer from Sao Paolo used the 50 strong talent to help him produce a business plan for Bovis Lend Lease in Brazil. He was amazed at the fantastic contribution made by those 50 people in such a short timeframe.

Another well-supported program around the world is Community Day, perhaps illustrated by 100 employees from our Miami office who, with suppliers and subcontractors, devoted a day to the YWCA Neighbourhood Family Centre "Success by 6" project.

Developing and refining culture is a journey that has no end. It's an integral component of our brand and a significant contributor to our Price Earnings multiple. The determination to make it your competitive advantage must come from the top, and in Lend Lease, as I have demonstrated, it also comes from throughout the Group.

Where new businesses are acquired, such as MLC in the 80s, and the more recent ones, the top often has to take a more vigorous position. Such was the case recently with Bovis and their attitude to safety in some areas. Caring means zero tolerance to non-safe practices, no matter in which country you operate, unless you have a belief, which we don't, that some lives are more important than others.

Immediate focus doesn't get you to global best practice over night, but you do get there. Needless to

THE CHAIRMAN'S ADDRESS — continued

say, people who stand in the way become casualties in the process, but to not get there is not an option. Employees demand it, governance demands it, and these days societies demand it as well.

So in summary, as McKinsey and countless others have observed, your competitive advantage is your employee, and at its heart an organisation must have an appealing, inspirational set of values that apply to every activity and every function, and govern every aspect of your behaviour. Only then will you succeed in growing wealth and reputation, continuously year after year.

I am proud that in Lend Lease, we have done so now for over 40 years.

Finally, I'm often asked what retirement means for me, as if a restless energetic person like me would lack for interest. Handing the baton to Jill gives me greater freedom to continue re-inventing myself. For the sake of communicating what this means, the next year or so is divided into roughly seven modules, three business, four private, most of which can be interlinked.

I've agreed to make one module available to Lend Lease, to provide advice if asked, and to chair projects like Bluewater Valley.

Another is to chair and influence the direction of the Hornery Institute, which employees have enthusiastically endorsed. Of course, I would only want to do it if shareholders also endorsed the Institute enthusiastically.

Another is to continue chairing the Australian National Training Authority, which has as its modest mission, the creation of a vocational education program for this country that is the envy of the world.

On the private side, Lynette and I own a couple of small businesses, Work Wear World and presentperfect, where you'll find the usual Lend Lease attributes. And, we are about to rehabilitate 100 hectares of rainforest just behind Kiama, on the south coast of NSW.

Last, but not least, I have a wonderful family who love me and who look forward to having a greater share of my time. I consider myself very fortunate to be able to say this. And in the end, it's what life boils down to.

In conclusion, I have drawn most of my inspiration from employees, past and present, and to them my heartfelt thanks. I and Lend Lease wouldn't be the same, without you.

And to you, our shareholders, thank you for allowing me the honour of serving you over the years. It's been a great privilege.

I now have much pleasure in handing over to your Chairman Elect, Jill Conway. Jill is an outstanding individual and you are indeed fortunate to have her on the Board. Jill will make an excellent Chairman and is absolutely a worthy successor to Dick and I.

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THE CHAIRMAN ELECT'S ADDRESS — JILL KER CONWAY

Stuart's remarks are a vivid illustration of the way his leadership has shaped Lend Lease's culture. His values have helped to give Lend Lease a core of shared values that have made it a company for the 21st Century well in advance of the millennium.

Shared values that come to mind are the culture of learning to be best at everything you do, the relationship between company and employees, employee empowerment that leads to innovation, respect for labour, employee ownership and seeing the community as a stakeholder, along with investors and employees.

That culture of high performance was built in Australia. But now approximately 75% of this year's earnings and 81% of our employees are overseas. So the big question is: How will we build the future Lend Lease culture?

I think a major part of the answer is that our acquisitions have in part been selected for cultural compatibility. We worked with Bovis on Bluewater and on many other smaller projects. Our other major acquisitions, such as our multi-family business in Boston, have a culture very similar to that of Lend Lease, even to the community commitment. When I go into my office there in a building on 101 Arch Street in Boston, it feels very much like Australia Square. The offices are all the same size, everybody works alongside everybody else, there is no distinction between any level of employee and management and you feel very much as though you are in Lend Lease.

The five AMRESCO businesses based in Dallas and Atlanta have the same high performance culture as Lend Lease has built in Australia.

We have already introduced all the major themes of that Australian culture into the mix of businesses in North America, the United Kingdom and Europe. We have introduced the employee foundation and its investment in employees and their welfare, employee self-ownership and investment in employee learning. These have already had a big impact.

What we produce will not be a carbon copy of Lend Lease in Australia, but it will embody all the key themes.

David and his senior executive team are hard at work designing a global organisation of the future. We are already being studied by universities for our dispersed management, our cross-business unit team building, our global clients and our ability to work around the clock, with a management and a Board that is spread around the globe.

The task of building the company and its culture is a never-ending one as Stuart says, but you can rest content that we are already hard at work on it.

What of the business and Lend Lease's proud record of unbroken, predictable increases in profits? This year we will have a lower absolute dollar operating profit, but over a reduced number of shares following the buy-back. We believe that if we are to have the kind of record in the future that we had in the past, we have to transform Lend Lease into a truly global company.

Our competitive advantage for a global business is in real estate services, so that is where we have decided to focus.

Our acquisitions in the US have been chosen to deliver recurrent fee-based revenue drawn from financing and managing real estate investments. Likewise Bovis Lend Lease has a sizeable, predictable cash flow and a long forward book of business.

There are costs associated with restructuring and merging these businesses. We expect we will have a transitional period of 12-18 months, and then see a pick-up of earnings per share in the year to June 2003 and thereafter. But the strategy, which is well underway, is to build the same mix of fee-based

THE CHAIRMAN ELECT'S ADDRESS — continued

earnings and profits from property services and development as we had from MLC.

In both property services and real estate investments we have to recruit and develop new executive talent for a company whose scale of operations has vastly expanded over the last two years.

We have the action plans to achieve all these objectives. But as was the case with MLC, it will take time to bring all these initiatives to completion.

Lend Lease has always been an investor for the long term, and we're not changing that strong part of our culture as we reinvent the company.

You can be confident that Lend Lease's Board will continue its active involvement in oversight of the executive team. We're in the process of recruiting an additional US director though, as an Australian-based company, the weight of our Board representation will remain here, close to our investor community.

I would like to conclude by saying what an honour it is to follow in Stuart's footsteps and how much I look forward to working with you, our shareholders, in the future.

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THE MANAGING DIRECTOR'S ADDRESS — DAVID HIGGINS

Lend Lease has been dramatically transformed in the past 12 months through significant corporate activity. We are now a company focused on providing a full range of services to our clients in the real estate sector. Those services are project management and construction, property development and real estate investment and funds management. In real estate there are no global players who are involved in all three activities. In addition, real estate markets are globally fragmented and inefficient.

In terms of sophistication, Australia has a leadership position. Securitisation started here in 1971, when we formed GPT, and so there are significant opportunities to take our Australian experience and use it to harness real estate as an asset class for investors worldwide. The opportunity is for both equity and debt in the real estate asset class and we have capabilities across both these categories on a global basis.

Turning to the results for the year to June 2000. We earned an after tax operating profit of A$432 million and a total profit after the sale of MLC of A$3.5 billion. Over 15 years, we created significant value for shareholders with MLC. We believe that today's businesses have to be global to be competitive. For MLC to achieve that it needed to have greater scale – both domestically and globally. The price the National paid gave some of the benefits of the National's global and Australian distribution network to Lend Lease shareholders. It was also well in excess of market expectations. MLC has been a fabulous investment for us. It has contributed significantly to the reputation for success Lend Lease has today. I would like to pay tribute particularly to David Clarke, to Peter Scott, to the other senior managers and to the MLC employees over the years.

In using some of the proceeds from the sale of MLC we have just completed the off-market share buy-back. The buy-back was very well supported by shareholders. We spent around $1.8 billion buying back 17% of our share capital. We still have significant balance sheet capacity to invest in operating businesses. However, this under-leveraged balance sheet is inefficient from a cost of capital standpoint. I will return to that issue shortly.

First, let me give you an overview of the three businesses that make up our real estate platform. They give us a unique ability to compete in what will become a global market rather than a series of local markets. I will also outline the opportunities we now see in having those three businesses work together for key clients.

We are a real estate solutions provider to those who use physical real estate assets in their businesses and to those who wish to invest in physical real estate assets, or real estate securities.

We have made significant progress since I presented last at the AGM on building our real estate capabilities. We have integrated the acquisitions of Bovis and Boston Financial that we announced before last year's AGM. Since then we have acquired and integrated the five AMRESCO businesses, which focus on the debt side of real estate, but still manage money on behalf of others.

Turning first to our project management business. Bovis Lend Lease's mission statement is to be "the leading global provider of integrated, creative solutions for our clients' properties and assets". Bovis Lend Lease is a world class business. The Bovis acquisition provided us with geographic coverage allowing us to offer clients our services worldwide, and gave us the infrastructure to service these global clients. It also provided access to more clients, a greater pool of talented people, and dramatically diversified the revenue stream from the project management business.

This business is in good shape. The committed

THE MANAGING DIRECTOR'S ADDRESS — continued

backlog revenue at 30 June 2000 was A$7.8 billion versus A$2.1 billion at the same time last year. We will grow this business in the following ways: by focusing on growth opportunities in the existing business, for example in Europe; by securing more alliances like BP and Nokia; by significant e-commerce initiatives, and by getting more business through our integrated real estate approach.

Our development business has a local focus in the complex retail and mixed use urban redevelopment markets in which we are involved, but with global linkages for capital raising or accessing expertise and partnerships. Our strategy in future is to primarily use third party capital for development. Lend Lease shareholder funds will be used to secure potential opportunities.

Lend Lease Development's skills and global reputation is best evidenced by projects such as the Olympic Village and Aurora Place here in Sydney, and major overseas commercial developments on behalf of our Funds such as current projects we are doing in Chicago and Seattle. Our development expertise is a key differentiator in a market where adding value will become harder.

Our real estate investment and funds management business (REI) has an objective to provide superior returns for clients in the real estate asset class, globally. With A$81 billion in funds under management and A$93 billion in real estate loans under servicing, we're one of the world's largest real estate fund managers.

The US market is 50% of the world's investable capital and so we have to be a leader in the US if we wish to be a global player. In terms of market leadership, in the US we are number one manager of real estate for pension funds, number two commercial mortgage loan servicer, one of the largest sponsors and market leaders in tax credit investing in the multi-family asset class, number one commercial mortgage broker, and we are the leader in asset resolution services. Our strengths are our network, our presence in many local markets, our real estate research capabilities and our transaction flow across both real estate debt and equity.

We grew funds under management strongly in the year by 74% to A$81 billion, mainly through acquisition, but also by organic growth. The major growth in REI will come from new products, such as the Value Enhancement Funds and the International Distressed Debt Fund, from acquisitions, from the integrated real estate opportunities, and from the new distribution channels that we are developing now both in the US and Europe. An example is our recently announced joint venture with Generali in Europe, a major European insurance company.

Clients would normally have to go to a number of service providers to get the full spectrum of expertise we can now offer. Clients are looking to get a broader range of services from a fewer number of providers with multiple skills and global scale.

Let me give you an example of where we are already meeting this demand through our integrated service capabilities. The US Army is privatising military housing in order to provide better living communities for service personnel and their families.

Lend Lease Actus has secured a preferred position to provide such services at Fort Hood in Texas, which is the largest military installation in the US. This opportunity pulls together our expertise in development, design and construction, financing and asset management, in joint venture with Trammell Crow's property management expertise. There are a number of long term income streams we will receive out of the project because of the range of services we can provide. This project is valued at approximately US$4 billion over 50 years.

THE MANAGING DIRECTOR'S ADDRESS — continued

Going forward, we estimate that 10% of our clients will require these integrated services.

A review of the success and potential of our businesses would be incomplete without acknowledging that the Fox Studios Australia Joint Venture continues to fall well short of our expectations. I want to update you on the situation of this investment as it stands today.

The research we conducted before and during development of this project gave us and our partner, News Corporation, confidence in establishing a profitable business based on a mixture of retail, studio, commercial and entertainment.

The retail component, Bent Street, is getting between 80,000 and 100,000 visitors a week. The professional film studios are booked out for two years in advance and the office campus is fully leased with a waiting list for further development. But what was to be a significant revenue earner for the whole complex, the Backlot, has not been the success we expected. As a result, we announced a provision in July of A$80 million after tax to cover Lend Lease's share of the first year's trading losses and a write-down in the carrying value of Lend Lease's half share in the complex in our year-end accounts.

This valuation was done on the basis of a business model which assumed the continuation of the Backlot as a separate business from the rest of the Fox Studios site. As we indicated, the Fox Studios' Joint Venture Board and management had commenced a strategic review to find out the best way to boost visitor numbers to the Backlot, and therefore the overall revenue and profit performance. We said this process could take 18 months. This review is not complete but the work done so far has indicated that the original business plan cannot be met while achieving an acceptable investment risk profile.

Consequently, the Joint Venture has announced plans to integrate the Backlot with Bent Street and the rest of the site to enhance the appeal of the Backlot to visitors and to improve the value for money of the offer, particularly for families.

It is certainly too early to assess whether these measures alone will produce a satisfactory, long term outcome. Of all options considered over the last three months, this offers the best investment risk profile for Lend Lease. We are focusing significant resources on this task.

This changed strategy will impact the valuation of the investment. It is likely that we will need to make a significant further provision, as we announced, potentially in the order of A$65 million after tax at the half year. Such a provision will adversely impact this year's profit result.

In terms of portfolio investments, we have already indicated that once again this year we will be realising profits from some of our Westpac shares. We may also need to bring to account any shortfall between the market value and the book value of our investment in CoolSavings, the US internet coupon shopping company, in which we have a 27% interest.

The key issues that impact you as shareholders in the future are our dividend policy, our capital structure and our earnings outlook.

We estimate that by 2001, 75% of our operating earnings are expected to come from outside Australia versus just 12% four years ago.

As a result, we will have a lower level of franking credits than in past years. A company which pays out a high percentage of its earnings as unfranked dividends, that is taxable income to you the investor, is not maximising the total return for its shareholders. Lend Lease wants to offer you a high total return. With the changes to capital gains tax, it is far more tax efficient for shareholders to receive a capital gain than

THE MANAGING DIRECTOR'S ADDRESS — continued

it is to receive an unfranked dividend.

As we have indicated, we will reduce our pay-out ratio to 50% for the year to June 2001. This may involve a significant component of unfranked dividends. As a result we will be suspending the Share Election Plan for the year to ensure the best tax result for our shareholders. For the 2002 year and thereafter, we will move to paying only fully franked dividends supplemented by buy-back programs to return value to shareholders.

As part of this process and to help smaller shareholders, the Board plans to introduce a share disposition facility. This will allow shareholders to sell part of their shareholding without any brokerage or stamp duty costs, enabling them to receive in cash up to $1,500 every six months. We will start offering this facility in conjunction with our March 2001 dividend.

Our capital structure is inefficient at present. Over the coming years we plan to make acquisitions of operating businesses, as well as utilising our excess capital for further share buy-backs.

As I indicated at the outset, we have been particularly focused for the last 12 months in transforming Lend Lease into a global real estate services organisation. We still have some way to go in this transformation, and I expect it will take between 12 to 18 months to achieve the desired positioning.

We have already indicated that we expect lower absolute dollar earnings this year, over a reduced number of shares. There will be a further impact with the additional provision for Fox. Based on our current business projections, we expect a transitional period of 12 to 18 months. Then we see a pick-up in earnings per share in the year to June 2003 and thereafter in line with the underlying growth in our businesses.

In summary, as you will read in the Annual Report, we have a global real estate network and research capability to support our three businesses. We have a strong senior management team, specialists in each of our businesses, driving for growth. We offer clients added value because of the integrated services that we are able to offer globally, and we believe this offer is unique. With the exception of Fox, our businesses are performing well. We remain optimistic about their growth potential over the longer term.

Finally, on a personal note, I would like to recognise and thank Stuart for his guidance and support over the 14 years Stuart and I have worked closely together. I would also like to recognise his leadership of the Board over what has been an unprecedented period of transformation, and for his lifelong contribution to Lend Lease.

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TRIBUTES TO STUART HORNERY

Mr Tom Quinn addressed the Meeting and paid tribute to Mr Hornery on behalf of the shareholders. He presented a box of written tributes from shareholders.

Following Mr Quinn's address, Ms Sharon Finnan and Mr David Jeffrey, representatives of the ACTU-Lend Lease Foundation, paid tribute to Mr Hornery and his support of the ACTU-Lend Lease Foundation. Following their addresses, Mr Kevin Power, Executive Director of the ACTU-Lend Lease Foundation was invited to join in the presentation to Mr Hornery of the first copy of the book "You Can Make a Difference".

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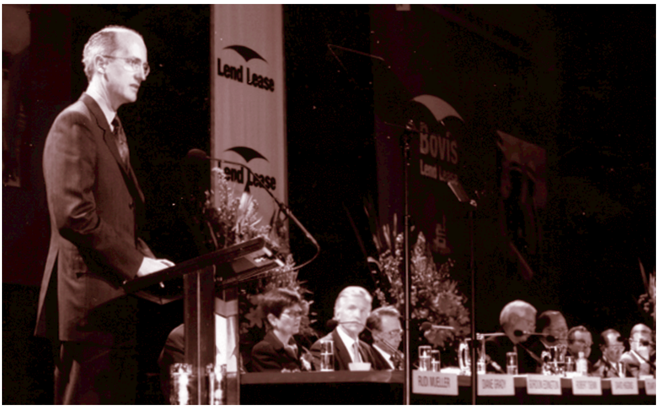

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TRIBUTES TO STUART HORNERY — continued

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Captions:

1. Stuart Hornery
2. David Higgins
3. Stuart Hornery and ACTU-Lend Lease Foundation Representatives
4. Jill Ker Conway

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 2000, together with the reports of the Directors and Auditors thereon and the Directors' Statement.

Directors

2.-4. To elect Directors,

Mr G G Edington retires in accordance with Rule 6.1(e) of the Constitution and, being eligible, submits himself for re-election.

Mr P C Goldmark retires in accordance with Rule 6.1(e) of the Constitution and, being eligible, submits himself for re-election.

Mr R A Longes retires in accordance with Rules 6.1(f) and 6.1(g) of the Constitution and, being eligible, submits himself for re-election.

Mr S G Hornery retires in accordance with Rules 6.1(f) and 6.1(g) of the Constitution but does not submit himself for re-election.

SPECIAL BUSINESS

To consider and, if thought appropriate, pass the following resolutions:

Amendment of Constitution

5. As a special resolution, that the Constitution be amended:
   (a) by deleting the Memorandum of Association; and
   (b) by amending the remainder of the Constitution in the manner described in the Explanatory Notes and shown in the copy of the Constitution submitted to the meeting and for the purposes of identification signed by the Chairman of the meeting (so that all text which is underlined in that copy is inserted into the Constitution and all text which is struck through in that copy is deleted from the Constitution).

Proportional Takeover Rules

6. As a special resolution, that the Company renew the proportional takeover provisions contained in Rule 15 of the Constitution for a period of 3 years from the date of this resolution.

Directors' Fees

7. As an ordinary resolution, that the maximum aggregate fees which may be paid to Directors under Rule 6.3(a) of the Constitution in any year be increased to US$900,000.

Non-Executive Directors' Retirement Benefit Plan

8. As an ordinary resolution, that the Company:
   (a) approve under section 200E of the Corporations Law the replacement of the Company's existing retirement allowance plan for Non-Executive Directors (approved by shareholders at the 1990 AGM) with a new retirement benefit plan as described in the Explanatory Notes; and
   (b) approve, for this purpose, the issue to or acquisition by, or for the benefit of, each Non-Executive Director of fully paid ordinary shares in the Company under the new plan, on the basis that:
   - the total number of shares issued under the plan in any year may not exceed 0.01% of the Company's issued share capital as at 1 January in the relevant year; and
   - except as otherwise approved by the Company's shareholders or permitted under the ASX Listing Rules, this approval for the

issue or acquisition of shares shall only apply for Non-Executive Directors in office as at the date of this resolution.

Non-Executive Directors' Share Ownership

9. As an ordinary resolution, that Non-Executive Directors be authorised to acquire shares or interests in shares in the Company on the basis that:
   (a) the Company may issue to or fund the acquisition for, or for the benefit of, each Non-Executive Director of a number of shares in the Company in any year which is equal in value to the fees which would otherwise be payable to the Director for that year under Rule 6.3(a) of the Constitution;
   (b) any acquisitions authorised by this resolution will be made on behalf of each participating Director each half year at the price for that period determined under the rules of the Company's Share Purchase Plan;
   (c) a Director acquiring shares under this plan will not be entitled to Director's fees to an amount equal to the price of the shares acquired; and
   (d) a Director may not deal with shares acquired under this plan until the date of retirement of the Director, except as necessary to meet an earlier tax liability in respect of those shares.

The Hornery Institute

10. As a special resolution, that the Company:
   (a) approve, for all purposes, the issue to The Hornery Institute (as described in the 2000 Annual Report or an extract of it sent with the Notice of Meeting) of that number of fully paid ordinary shares in the Company which is equal in value to $10 million. For this purpose the value of the shares will be the weighted average price of the Company's shares traded on the ASX during the 5 business days prior to the date of this AGM; and
   (b) approve the giving of financial assistance to The Hornery Institute by the issue of those shares for no consideration.

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QUESTIONS AND ANSWERS

Fox Studios

In response to a question as to whether Fox Studios is a core asset or a non-core asset, Mr Higgins stated there are a number of components to the Fox Studios Joint Venture, some of which are core to our business. The Backlot is not a core business. We originally looked at entertainment and leisure as an area for growth, particularly in retail centres, however we no longer have that view. News Limited has been an excellent partner in what has been a very difficult project. However, the Board believes that it can be successful.

Hornery Institute

A number of questions were asked regarding the commitment of Lend Lease to the Hornery Institute. Mr Higgins responded that the aims of the Institute are sympathetic with the approach Lend Lease adopts in improving the built environment, adding to our communities and our environment.

In addition, the ACTU-Lend Lease Foundation has been funded by the shareholders for the last 20 years to the value of $500,000 each year. This commitment will be transferred to the Hornery Institute. Lend Lease will have no further financial obligation.

Thredbo

It was explained that Lend Lease was waiting on the New South Wales Government to reach agreement with the families on the amount of compensation. We believe the amount of Lend Lease's contribution will not be material.

Directors' Compensation

A question was asked as to why, following the sale of the Financial Services businesses, we would still require nine Executive Directors on the Board. Mrs Conway explained that a company that is dispersed over many geographical regions is more complex to govern. As Lend Lease expands the scale of the company's operations, we require directors to have a full and detailed knowledge of the business operations around the globe.

Questions were also asked regarding the quantum of increase in aggregate directors' fees and the change to paying these fees in US currency. Mrs Conway responded by explaining that internationally competitive fees must be paid to attract and retain directors of the highest calibre. The increase will also give the Board flexibility to recruit additional directors. As non-executive directors reside in many countries, the most recognised international currency for fees to be paid to all directors is US dollars.

In response to a question on the quantum of retirement benefits paid to non-executive directors, Mrs Conway explained that under the new arrangements approved at the meeting, retirement benefits will only derive from Board fees approved in aggregate by shareholders and not from fees for additional consulting services.

Lend Lease
CORPORATION

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