Lend Lease
CORPORATION

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2 November 2000

The Manager
Companies Section
Australian Stock Exchange Limited (Sydney)

By electronic lodgement

The Manager
Companies Section
New Zealand Stock Exchange

By facsimile: 0015 64 4 473 1470

Pages: Nineteen (19) pages

Dear Sir

Re: Stock Exchange Announcement
Chairman's Address

In accordance with Listing Rule 3.13.3, I enclose a copy of the Chairman's Address to be delivered at the Annual General Meeting to be held at The Hordern Pavilion, Fox Studios Australia, Driver Avenue, Moore Park, Sydney on Thursday 2 November 2000 commencing at 7.00pm.

Yours faithfully
LEND LEASE CORPORATION LIMITED

S. Sharpe

S J SHARPE
Company Secretary

Lend Lease AGM 2000
Chairman's Address
Thursday, 2 November 2000

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

First of all, on your behalf, I'd like to extend a very special welcome to the Leader of Dartford Borough Council, John Muckle and his wife Ann, and the former Mayor Ivor Jones and Dulcie Jones. John and Ivor's vision and foresight as community leaders in Kent made possible the success of Bluewater. We appreciate very much that you have chosen to be with us this evening.

Let me introduce my Board colleagues here on stage. From your left, Rudi Mueller, Diane Grady, Gordon Edington, Robert Tsenin, our Managing Director -David Higgins, Company Secretary - Phil Crewes, your Chairman Elect - Jill Ker Conway, Richard Longes - Deputy Chairman, Yong Hai Chua, Peter Goldmark - who you're meeting for the first time tonight, Albert Aiello, and Evan Cameron

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. That 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.

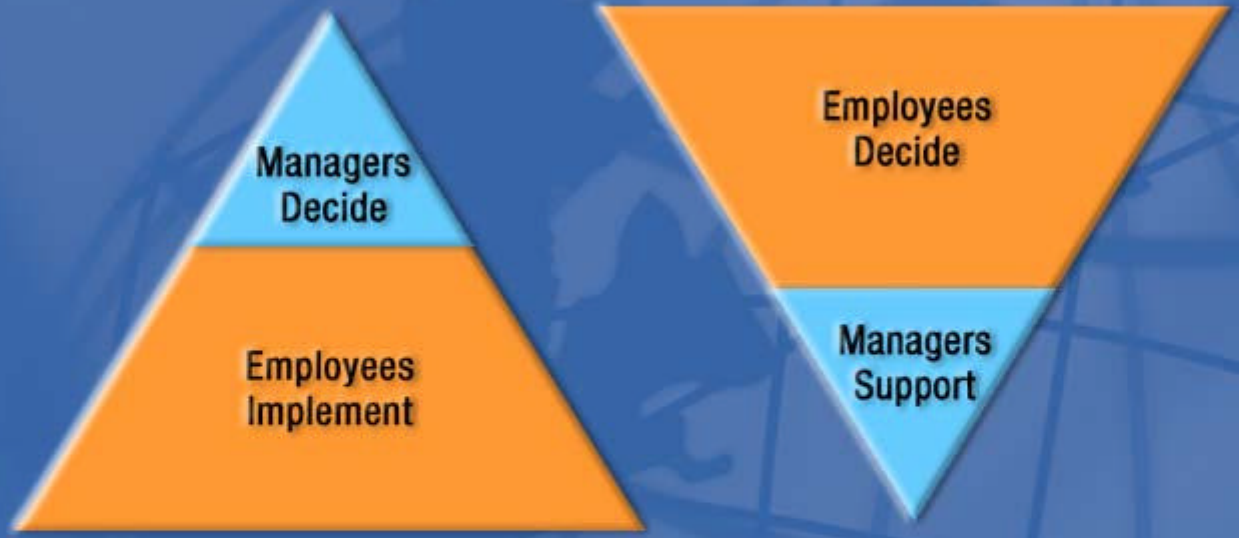
And in his retirement address in 1988, Dick dwelled on an advanced form of this philosophy, observing that corporate democracy was a minimum requirement for economic progress, in much the same way that political democracy is the minimum for individual well being.

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.

Slide 1


Managers
Decide
Employees
Implement
Employees
Decide
Managers
Support
The Old Contract
The New Contract

About 10 years ago, long before he became CEO, David 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. 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.

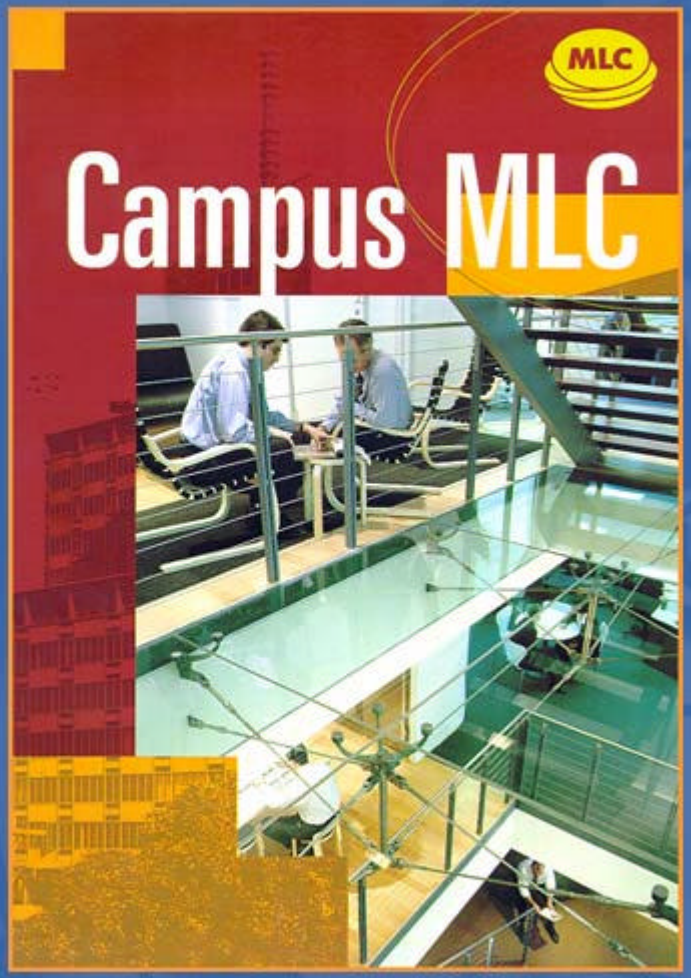
Slide 2

Imagine.....

"working in an organisation where your influence is limited only by your imagination...."

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. A happy place.

Slide 3


MLC
Campus MLC

As a consequence, Campus MLC became a vibrant heart in the form of a vertical street running right up through the building. Civic spaces abound, breakfast in the Zen Den, coffee at The Table, discussions on the Spanish Steps.

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 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.

Slide 4

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.

Slide 5

Perhaps their greatest achievement was to extend our culture of inclusion, not just across the property chain, but also deeply into the community.

Slide 6

Bluewater

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 3 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.

Slide 7

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 PE 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 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 7 modules, 3 business, 4 private, most of which can be interlinked.

I've agreed to make 1 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 shareholders also endorsed the Institute enthusiastically.

Another is to continue chairing the Australian National Training Authority, which has as it's 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.

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, doesn't it.

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 you 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.

Ladies and Gentlemen Jill Ker Conway.