2003 ANNUAL GENERAL MEETING

Chairman's Address

Good Afternoon. Welcome to the 2003 Annual General Meeting for Lend Lease. I also welcome those participating by webcast today. I am David Crawford, Chairman of the Board of Lend Lease Corporation.

Our agenda for this afternoon's meeting will consist of presentations from me and our Chief Executive Officer, Greg Clarke, followed by the formal business. The Board and I welcome your questions and comments and we will call for them following the completion of the presentations. After the meeting, we look forward to you joining us for refreshments.

Before I begin, I will introduce the other members of the Board.

The executive members of the Board are: Greg Clarke, Managing Director and Joanne Curin, Finance Director. As you would be aware, Greg was appointed CEO and Managing Director in December 2002 following an extensive global search. Jo joined us in September this year following Robert Tsenin's retirement at the end of August.

The Non-Executive Directors are, on my left, Gordon Edington, and in order on my right Richard Longes, who is Deputy Chairman, and Peter Goldmark. And also on stage is Phil Crewes, our Company Secretary.

In May 2003, I was appointed to the position of Chairman following the resignation of Jill Ker Conway. I take this opportunity to thank Jill for her commitment to Lend Lease during her lengthy term as a Director and Chairman. I also acknowledge Robert Tsenin's contribution as Finance Director over the last 7 years.

This year, members of the Australian Shareholders' Association exercised their right under the Corporations Act to have a letter from that Association included with our Notice of Meeting. I issued a reply, printed on the reverse side of the ASA letter, addressing the matters raised in their letter. I do not wish to re-state my response in detail, but my report today will address matters raised by the ASA in relation to the performance of the Company, the actions taken by the Board and management to address the performance of the Company, the performance of the Board, and re-election of Directors.

It is absolutely true that this has been a tough year for Lend Lease — in fact the most difficult year in the Company's history. Reporting a $714.8 million loss is unacceptable. As a consequence, the Board has made some significant decisions, directed towards turning Lend Lease around for a more prosperous future.

One of the most significant changes for the Group has been the appointment of a new leadership team, headed by Greg Clarke.

Greg brings more than 20 years' management experience in international businesses through senior roles with Nortel Communications and various divisions of the Cable &Wireless Communications organisation. He has considerable experience in operations, building effective teams and business development at an international level.

Since taking up his appointment, Greg has rebuilt his senior executive team around a new regional structure, focusing on sectors and markets where we have a strong foundation of knowledge and clear business opportunities. In his first year Greg has also achieved significant and sustainable cost savings, and he is establishing a strong culture of management accountability.

The Board is confident his capabilities and management style are well suited to Lend Lease, and come at a time when the Company can only benefit from his fresh and pragmatic focus. Greg will discuss our business strategy and key areas of focus for the future in more detail in his address.

A great deal has been written about the factors impacting the performance of Lend Lease. The loss in 2003 was the direct result of the write-down in the value of some of our Real Estate Investments businesses.

Looking beyond the loss, the market was encouraged by the fact that the core operating businesses of the Group performed well in 2003. This delivered an operating profit after tax of $230.2 million. This was in line with the guidance we had given the market throughout the year. Importantly, we are forecasting this figure will grow for the 2004 year. Greg will report on the performance and outlook of individual business units in his address.

Irrespective of our operational result, as a shareholder, you deserve an explanation as to how Lend Lease came to report an overall loss this year.

In the year 2000, Lend Lease announced it was pursuing a global integrated real estate model, providing a full suite of real estate services in all regions, spanning project and construction management, development and funds management. This meant three business streams in three regions, which targeted synergies between each business unit and region.

This was an immense undertaking and, to be frank and with hindsight, the Group took on too much too quickly. The difficulty in executing this vision was compounded by a deteriorating global economic environment, particularly in the US.

Although the project management and construction and development businesses performed reasonably well, the same could not be said for some of the Real Estate Investments businesses, particularly in the US. As a result, in June 2002, the Board initiated a strategic review to determine the most appropriate course of action.

The review determined that in the US, Lend Lease took on too many disconnected businesses, creating complexity and a dispersed management focus. In addition, few synergies existed between the REI business and other Lend Lease businesses in this region. The decision was made to exit the US REI businesses and this divestment program is progressing in an orderly manner. We expect the exit process to be largely completed by the end of this calendar year.

In Europe, Lend Lease struggled to obtain the scale needed in the REI business to capitalise on synergies. A great deal of effort was expended with little reward. As a result, we have scaled back the European REI business to focus on the retail sector, which had been successfully established.

In contrast, the REI business in the Asia Pacific region continues to perform well. In Australia, the management of General Property Trust and the Australian Prime Property Fund anchors this business. In Asia, the Asia Pacific Investment Corporation remains an integral part of REI.

The Group's operations in Australia are the most integrated of any region, and we continue to take advantage of synergies between REI and the other businesses.

The strategic review enabled the Board to determine whether businesses should be retained or divested. It also identified the need to recognise a number of write-downs in the value of various REI businesses, mainly in the US and Europe, totalling $945 million after tax.

So, despite achieving a net operating profit after tax of $230.2 million, the magnitude of these write-downs led to a reported loss of $714.8 million this year.

Irrespective of external influences, the Board and management team accept the responsibility for the failure to successfully execute the global strategy.

The Board and our management team have worked hard to move Lend Lease to a more sustainable business model that will deliver reliable earnings growth.

With the benefit of both hindsight and Greg's pragmatic approach, we have implemented three essential steps to get back on the path to improved shareholder returns.

First, we have revitalised the leadership team, and adopted a far simpler, more focused business model to fundamentally reshape the Company. Lend Lease is now focused on our core strengths of project and construction management, integrated development and real estate funds management within the three regions of Asia Pacific, Europe and the Americas.

But we are no longer seeking to be a global company. We have stopped trying to be all things to all markets and customers. That means we are no longer attempting to apply the same business model in every region. Instead, we concentrate largely on sectors and markets where we have a strong foundation of knowledge, and where business opportunities exist that are suited to the capabilities of Lend Lease. As a result, we are more streamlined, management is more accountable and our operating costs have been significantly reduced.

The second step to improve returns is the positive changes to our dividend policy. We are now distributing a higher proportion of earnings to shareholders by lifting the pay-out ratio to between 60 and 80% of operating profit.

This pay-out ratio was adopted from the 2003 final dividend, paid in September. This was 20 cents per share unfranked, compared to 10 cents fully franked for the 2003 interim dividend and 9 cents fully franked this time last year. You should also note that we expect both the 2004 interim and final dividends will be unfranked.

The third key step is the implementation of a much more active approach to capital management. This was only possible once the REI review was complete and the major strategic decisions to exit US REI were taken. The ultimate objective is to move towards a more optimal capital structure, and this will take some time.

Today, the Group has surplus capital. As a means of distributing this surplus capital to shareholders, the Board commenced an on-market share buyback in June 2003 of 10% of the issued capital of the Company, representing approximately 43.5 million shares.

The exit from the REI businesses will result in net proceeds of over $700 million — most of which has already been received. In addition, we will receive $160 million from the sale of the interest in IBM Global Services Australia. So, Lend Lease will continue to have surplus capital at the completion of this buyback.

The Corporations Act limits companies to buying back no more than 10% of issued capital within a 12 month period without shareholder approval.

Consequently, we are seeking approval from shareholders at this Annual General Meeting to buy back on-market up to a further 44 million shares, which is approximately 10% of issued capital. These buybacks will accelerate growth in both earnings per share and return on equity.

I turn now to the matter of the performance of the Board, and the re-election of Directors.

Over the past year, the Board has made several fundamental changes to improve the Company's performance, including the appointment of a new CEO. Greg Clarke has already achieved a significant improvement in the Company's prospects, which have clearly been recognised by the market in recent months.

There have also been numerous changes to the Board over the past year — of the 11 Directors who were with the Company at the start of the 2002 financial year, seven have now retired. We are currently undertaking a global search to identify new Directors to establish a Board with a diverse range of skills and experience best suited to the future of Lend Lease. This process is progressing, and I look forward to reporting a favourable outcome in due course.

The Australian Shareholders' Association is recommending to its members to vote against the re-election of the three non-executive Directors seeking re-election today – Gordon Edington, Peter Goldmark and Richard Longes. The Board considers this suggestion to be ill-conceived and counter-productive.

The non-election of these Directors would result in a Board of only three Directors, of whom only one would be Australian based. Apart from the fact that this would cause the Company to be in breach of the Corporations Act, the Board is strongly of the view that the non-election of these Directors would significantly impact the Company's ability to carry forward its new strategy, with the resultant and unnecessary instability.

As a result, the Board believes that this is clearly not in the best interests of shareholders.

We fully respect the right of every shareholder to vote on resolutions as they see fit. We also fully understand the desire to register your criticism and discontent with the past strategy and execution. However, we recommend shareholders cast their vote with the best interests of the Company, and therefore all shareholders in mind.

In concluding my address, it is appropriate to acknowledge the contribution of many people.

There are over 9,000 Lend Lease employees located around the world. They too are shareholders, representing in fact the single largest ownership in the Group, with approximately 13% of the issued shares. Over the last few years, as the Company has undergone massive change and attracted public criticism, some of which was fully justified, our employees have remained loyal, committed, and focused on achieving positive results for the business. Our $230 million after tax operating profit is testimony to this effort. On behalf of the Board, I acknowledge the efforts of our employees.

I am immensely proud to say our core values of respect, integrity, innovation, collaboration and excellence have prevailed through these difficult times, and I have no doubt these values will continue to characterise our achievements in the future.

Finally, I acknowledge the support of our investors, both those who are represented through institutional funds, and our retail shareholders, many of whom have made the effort to attend this meeting. We recognise you are disappointed in the performance of the Company over the past two to three years. We share your disappointment, and take full responsibility for our failure to successfully execute the global real estate strategy.

Together with the Board and all Lend Lease employees, I am focused on improving the performance of Lend Lease for all shareholders. Lend Lease has new leadership, is in a very strong financial position, and is well placed to take advantage of future opportunities.

We obviously still have a lot of work to do, but I am confident the Group is on the right track.

It now gives me great pleasure to introduce our Managing Director and Chief Executive Officer, Greg Clarke, to deliver his operational report.

Thank you.