



2004 ANNUAL GENERAL MEETING

Managing Director's Address



Thank you David, and good morning everyone.

As David has reported, the 2004 financial year was one of significant progress in the re-shaping of Lend Lease's future.

We completed our exit from the US Real Estate Investments business. This allowed us to refocus the senior executive team's time on the performance and growth of our go-forward businesses.

We succeeded in our initial program of cost reductions and are already embarked on the next round. And, as you know, with the merger proposal before shareholders today, we also reviewed and determined options for what we believe to be the best strategy for Lend Lease's long term growth from here.

A year of solid achievement

I was pleased with our overall results performance for 2004. It underscored the strength of the businesses that we decided would form the core of our future growth strategy.

Before I comment on each of the core businesses, there are a few points I would like to make about the overall result.

	2004	2003
	A\$M	A\$M
Core Businesses ⁽¹⁾	225.9	203.1
Discontinuing REI businesses	7.9	37.4
IBM GSA Operating Profit	1.4	12.1
Non Core Capital Services	20.7	10.1
Restructuring / Merger Costs	(18.5)	(32.5)
Total Operating Profit	237.4	230.2
REI exit / write-downs	(2.3)	(945.0)
Sale of IBM GSA	79.7	
Tax benefit of capital losses ⁽²⁾	18.7	
Reported Profit / (Loss)	333.5	(714.8)

Our reported profit after tax of \$333.5 million included A\$79.7 million profit on the sale of Lend Lease's interest in IBM GSA.

The \$237 million after tax operating profit highlights the strength and the potential of our core businesses. These businesses grew after tax profits by 11% from \$203 million in 2003 to \$226 million in 2004.

I am also pleased to report that the Group delivered a \$67 million pre-tax reduction in corporate overheads this year. This made up the bulk of the \$88 million pre-tax savings targeted for the year.

	2004	2003	Growth
Earnings per share (cents per share)			
➤ Total operating profit after tax ⁽¹⁾	57.4	52.5	+9%

Earnings per share on operating profit were up 9%. This includes the value created by the on-market buyback program that we conducted over the course of last year.

All in all, Lend Lease concluded the 2004 financial year in very good shape. Our core businesses are well positioned, with a good outlook for future earnings.



A refocused business

These results validate the strategic direction set by the Board and management. They are a testament to the hard work and dedication of our employees throughout the world.

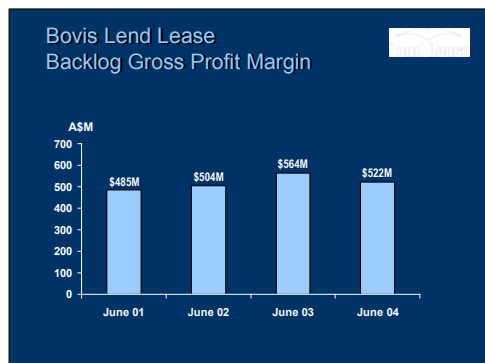
The fact that the Group can sustain a loss in parts of our Australian construction business, yet meet earnings guidance given at the beginning of the financial year, is a clear indication of the underlying strength of our business.

Bovis Lend Lease highlights

Over recent months, a large number of investors and analysts participated in a program of operational reviews and tours both here, in the UK and in the US.

During these tours we were able to clearly demonstrate the robust nature of the Bovis Lend Lease business.

It has a strong strategic market focus and clear outlook for a return to good earnings growth over the next two to three years.



This reflects the benefit of our focus on the quality and extent of Backlog Gross Profit Margin rather than Gross Revenue. By Gross Profit Margin, we mean the expected gross profit to be made on secured contracts.

While the Backlog GPM was down 7% compared to the previous year, it was still a very strong \$522 million.

	2004	2003
New Work Secured (A\$M)		
– Asia Pacific	109.0 ⁽¹⁾	130.6
– US	195.7	206.7
– Europe	228.6	253.0 ⁽²⁾
Total	533.3	590.3

⁽¹⁾ Excludes impact of Australian project losses
⁽²⁾ Adjusted for subsequent reduction in scope of major PPP project (\$21M – deferred from stage 1 to stage 2)

Another important measure of the strength of Bovis' operations is the value of New Work Secured.

This is the amount of Gross Profit Margin added to the Backlog from new contracts each year. This was down only 10% compared to the record levels achieved in 2003.

Bovis Lend Lease is now seeing increased levels of activity in both the US and UK/Europe. We expect this increased activity to translate into Backlog GPM growth into 2005 and 2006.

Integrated Development Businesses highlights

Integrated Development Businesses		
Profit After Tax		
	2004	2003
	AS\$M	AS\$M
Asia Pacific		
– Delfin Lend Lease	66.2	41.7 ⁽¹⁾
– Lend Lease Development	20.2	14.8
	<u>86.4</u>	<u>56.5</u>
Americas		
– Actus Lend Lease	5.3	4.8
– Other	(0.5)	(0.6)
	<u>4.8</u>	<u>4.2</u>
Europe	(12.4)	(18.9)
Total Integrated Development Businesses	<u>78.8</u>	<u>41.8</u>

⁽¹⁾ Includes sale of North Lakes \$11.2M

The Integrated Development Businesses increased after tax profit by 89% to \$78.8 million.

In Asia Pacific, Delfin Lend Lease and Lend Lease Development contributed the lion's share of this amount, or \$86.4 million after tax. That represents an increase of 53% on 2003.

This is an outstanding result.

The very tight focus of both businesses on high quality, large scale sites in high growth markets has seen them maintain sales into the current financial year and also good profit margin.

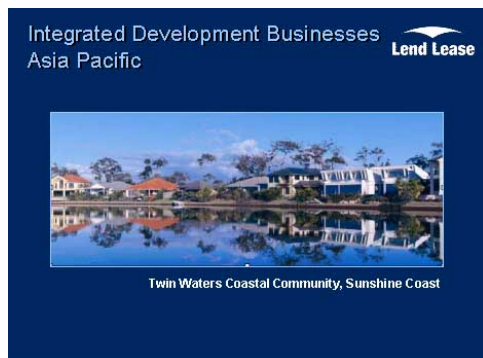
Delfin Lend Lease is clearly the leading urban community developer in Australia and we expect it to maintain a strong outlook. At 30 June, the sales backlog was 51,000 lots. This gives us an earnings pipeline of more than 10 years. That sales backlog is up 48% from the same time last year.

Importantly, the business commenced the 2005 financial year in a solid position, with a third of its expected sales already contracted at 30 June.

Since then, we have increased the level of contracted sales to over 60% of our current year's budget.

Lend Lease Development has continued to expand its backlog, providing a foundation for a long term, repetitive earnings profile, similar to Delfin Lend Lease.

This pipeline includes projects such as the Rouse Hill Regional Centre in Sydney's north west and prime sites in the heart of Queensland's Surfers Paradise over the next 12 to 15 years.



The quality of the Group's projects is underscored by the selection of our Twin Waters project for an international property industry award for the "Best Address in the World".

Delfin and the Development company have created market-leading positions in terms of both the number and quality of lots in their sales backlog, and their reputation for planning and product quality.

In recent weeks, to ensure that we extract maximum synergies and integration of development skills, we have brought both businesses under the responsibility of one CEO, Rod Fehring.

In the UK, the Group secured planning consent and commercial close on the high profile Greenwich Peninsula urban regeneration project.



Greenwich Peninsula is the largest project of its kind in the UK today and Lend Lease achieved the planning approval in record time.

We expect to commence construction at Greenwich during 2005, with the first profits to be generated in 2006. The Group's success with Greenwich has positioned it very well to participate in further major urban regeneration projects under the UK Government's Sustainable Communities program.

This program aims to create more than 200,000 new dwellings in south east England over coming years.

In the US, Actus Lend Lease continued to strengthen its leading market position in major military base housing privatisation projects.



There are now three major 50-year contracts under way. These contracts deliver multiple earnings streams to the Company from development and construction, and then asset management and equity returns.

Lend Lease has also been awarded preferred bidder status on a further three such projects. Actus Lend Lease is the only group to have secured projects with all of the US Military's armed services.

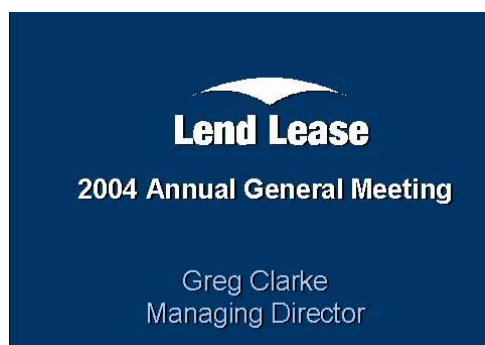
This business is still in its establishment phase, with a relatively small profit contribution of \$5 million after tax this year.

However, given the very long term and multiple earning streams that such contracts deliver, it is expected to show growth over the coming years as more projects are commenced.



A number of advances were made in the European healthcare PFI business as the UK Government renewed its commitment to a plan to build or redevelop around 100 UK hospitals over the next ten years.

The Group reached financial close on four projects over the past twelve months, and is currently tendering on two further projects.



REI highlights

The Group's continuing Real Estate Investments businesses in Australia and the UK now have more than \$11 billion in assets under management. This is held through various wholesale funds such as APPF, REP 2 and APIC in Asia Pacific, and the Retail Partnership in the UK. The competitive returns of these funds allowed the Company to raise almost \$400 million in new equity over the past year.

On the back of this performance, we are expecting to be able to grow funds under management in the burgeoning wholesale funds market, particularly in Asia Pacific, where this market is growing at around 10% per year.



The UK retail business did well, outperforming as a manager of retail assets.

We have established a reputation as a proven retail developer. The Chapelfield project in Norwich is progressing on schedule, and there are new development opportunities such as the Golden Square redevelopment project at Warrington in the north west of England.

We will take a 50% equity interest in Warrington, but only after planning and pre-leasing targets have been achieved. Both of those activities will generate development fee income in the meantime.



Income from Lend Lease's direct investments in real estate assets such as Bluewater and the Overgate Partnership in the UK and King of Prussia mall in the US grew by a very healthy 12% in 2004.

This was driven by increased earnings from the rental review program at Bluewater in particular.

Lend Lease's 30% interest in Bluewater was valued at over \$1.2 billion at June 2004, up 13% on the previous year.

Sales and visitations at Bluewater were again up strongly during the year, underscoring Lend Lease's success as a developer, manager and owner of UK retail assets.

King of Prussia Mall in the US delivered an 18% increase in valuation.



Management Structure

You may have noted our announcement in September this year regarding a revised and tighter senior management structure for the Group.

Nic Lyons is the widely respected CEO of General Property Trust and our Asia Pacific real estate funds management operations. He will be taking on responsibility for all REI and all retail property asset development and ownership operations globally.

This will give Lend Lease and the funds for whom we manage property assets a much closer integration of Group services and skills.

It should also increase the opportunity for joint asset development and ownership activities within the retail sector here, in the UK and Singapore.

Ross Taylor has 20 years' experience with Lend Lease in Australia and globally. He now heads all development and construction operations in Asia Pacific and the US.

Adrian Chamberlain – who joined the Group last year – heads the development, construction and PFI businesses in the UK. He will also manage our IT and Global Markets operations as well.

Corporate Social Responsibility

These are only some of the advances that have been made over the past year.

The common theme is that they all reflect the strong growth opportunities associated with our core businesses and highlight strengths in the Group's key geographies.

While financial and operational performance has been at the forefront of our minds, I am pleased to report that those things which have always differentiated Lend Lease as a company worth working for, and as a responsible corporate citizen, have not been overlooked.

We continue to engage with the communities in which we operate to build sustainable relationships. For example, our annual Community Day saw more than 4,000 employees in 14 countries assist 227 community groups.

We have also maintained a strong focus on safety through our global Incident and Injury Free program. I am pleased to report that we continue to set the benchmark for workplace safety in the industry. We will not be happy until we achieve a record of zero serious workplace incidents or injury.

Merger with GPT for long term growth

Finally, while the proposed merger is the subject of further discussion today, I would like to conclude my report to shareholders with a few comments on why management sees the merger as the best option to re-shape Lend Lease's future.

From day one, the merger is expected to produce a business with a more efficient capital structure and to deliver shareholder value through a reduced cost of capital.

Over the past 18 months, management has identified and pursued many initiatives to secure Lend Lease's earnings capacity and outlook.

While Lend Lease is in great shape in its own right, your senior management team believes the proposed merger with GPT will considerably strengthen the sustainability of the Group's position and performance over the longer term.

Thank you.





2004 Annual General Meeting

Greg Clarke
Managing Director

June 2004 Full Year Result

Profit After Tax



	2004	2003
	A\$M	A\$M
Core Businesses ⁽¹⁾	225.9	203.1
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(1) Includes one-off loss on Australian construction projects and profit on sale of Fox Studios

(2) Arising from Australian tax consolidation regime

June 2004 Full Year Result

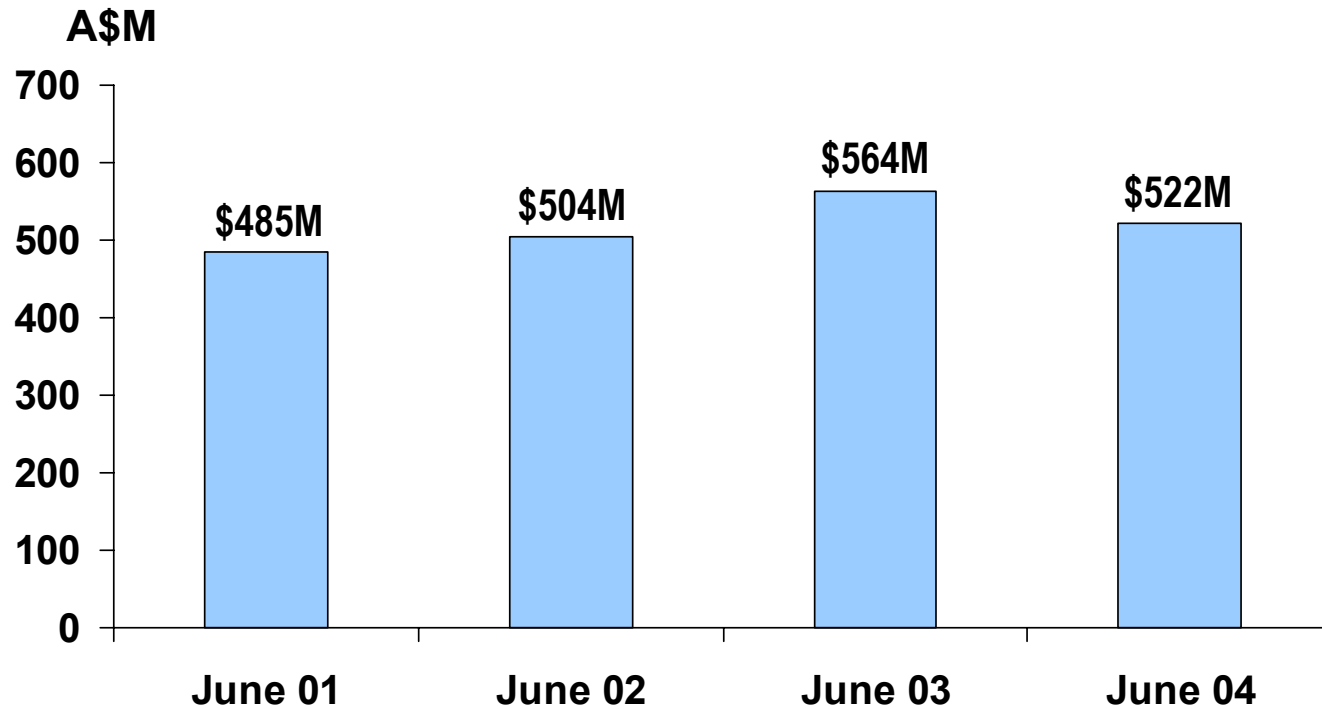
Earnings Per Share



	2004	2003	Growth
Earnings per share (cents per share)			
➤ Total operating profit after tax ⁽¹⁾	57.4	52.5	+9%

(1) Based on PAT A\$237.4M for FY2004

Bovis Lend Lease Backlog Gross Profit Margin



Bovis Lend Lease

Key Profit Drivers



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Integrated Development Businesses Asia Pacific



Twin Waters Coastal Community, Sunshine Coast

Integrated Development Businesses Europe



Greenwich Peninsula, London

Integrated Development Businesses US



Fort Hood, Texas



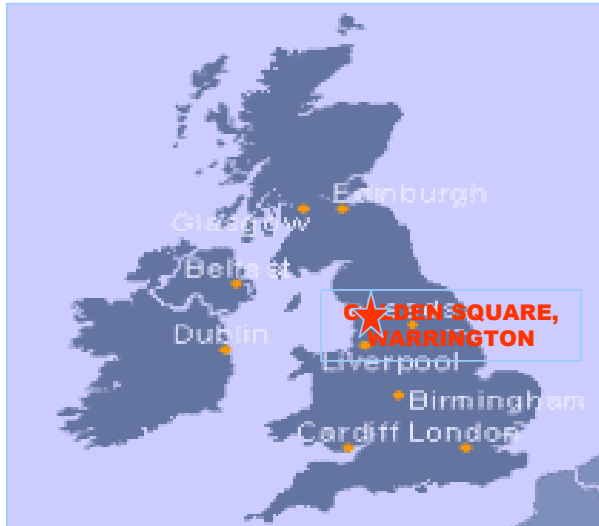
Integrated Development Businesses Europe



**Oncology Centre
St James University Hospital, Leeds**

Real Estate Investments

Retail – Europe



Golden Square, Warrington

Real Estate Investments

Retail – Europe



Bluewater, Kent