

Lend Lease Corporation Limited CONCISE FINANCIAL REPORT 30 JUNE 2001

The Concise Financial Statements and specific disclosures and Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. A copy of Lend Lease Corporation Limited Consolidated Financial Report 30 June 2001, including the Independent Auditors' Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The Consolidated Financial Report 30 June 2001 can be requested by telephone (612) 9236 6065 and by internet at <http://www.lendlease.com.au>



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Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A)

(Note: In this announcement all figures are expressed in Australian dollars unless otherwise specified)

The following discussion and analysis is based on the Group's Concise Financial Report at 30 June 2001, and should be read in conjunction with that report. A more detailed MD&A is included in the Group's Consolidated Financial Report and is available upon request.

OVERVIEW

KEY FACTORS

Following the sale of the Financial Services businesses, Lend Lease is a diversified real estate services group with operations in Australia, North and South America, Europe, Asia and New Zealand. Some of the key factors influencing the business are the state of investment and real estate markets, the level of construction activity, global economic conditions, interest rates, taxation and regulatory legislation. However, because the Group's operations consist of diversified services to a broad range of clients with wide geographic spread, no one factor, in management's opinion, determines the Group's financial condition or the profitability of its operations.

OPERATING PERFORMANCE

		June 2001	Adjusted June 2000 ⁽¹⁾	% Increase/ (Decrease) ⁽²⁾	Reported June 2000
Operating revenue	\$m	11,453.8	9,597.6	19.3	12,996.8
EBITDA ⁽³⁾	\$m	338.8	749.6	(54.8)	939.3
Operating profit before tax	\$m	240.5	590.2	(59.2)	756.2
Operating profit after tax	\$m	151.4	432.6	(65.0)	432.2
Earnings per share (excluding extraordinary item)	cents	33.7	85.1	(60.4)	85.0
Return on equity (excluding extraordinary item)	%	4.1	8.2	(50.0)	8.1
Effective tax rate	%	34.5	25.3	36.4	41.8

(1) Adjusted to remove the impact of consolidating the profits of the Statutory Funds of MLC Limited and MLC Lifetime Company Limited which was required by the Australian Accounting Standard AASB 1038 Life Insurance Business. The Adjusted column includes the profit distribution from the Statutory Funds rather than a full consolidation of the Statutory Funds' revenues and expenses.

(2) Percentage relates the comparison of June 2001 column with the Adjusted June 2000 column with all explanations based on this comparison, unless otherwise stated.

(3) EBITDA equals earnings before interest revenue, interest expense, income tax expense, depreciation and amortisation.

The 19.3% increase in operating revenue in June 2001 mainly reflects a full year of revenues from Bovis which was acquired in October 1999. The Reported June 2000 financials included revenue from the Financial Services businesses of \$4,062.9 million (\$663.7 million if Statutory Funds' revenue is removed). Lend Lease sold its Financial Services businesses in June 2000. Discussions in this section of the Concise MD&A refer to the Adjusted June 2000 financials unless otherwise stated.

The decrease in EBITDA from \$749.6 million in June 2000 to \$338.8 million in June 2001 is analysed in the table below:

	June 2001 \$m	Adjusted June 2000 \$m	Increase/ (Decrease) \$m
EBITDA ANALYSIS – MAJOR COMPONENTS			
Bovis Lend Lease	165.4	112.1	53.3
Bluewater	85.0	132.3	(47.3)
Fox Studios	(93.9)	(115.3)	21.4
Other Property Development	48.0	7.6	40.4
Real Estate Investments	171.8	224.5	(52.7)
REI Restructure Costs	(51.7)		(51.7)
Capital Services	(2.2)	13.3	(15.5)
coolsavings.com	(47.6)		(47.6)
Other Investments	111.0	194.0	(83.0)
Financial Services		265.9	(265.9)
Other	(47.0)	(84.8)	37.8
Total EBITDA	338.8	749.6	(410.8)

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

OVERVIEW continued

OPERATING PERFORMANCE continued

The principal reasons for the decline in EBITDA are:

- The increase in Bovis Lend Lease EBITDA is mainly due to the inclusion of a full year's operating results from the Bovis Group (which was acquired in October 1999) in the June 2001 financial year compared to approximately eight months operating results in the June 2000 financial year.
- The decrease in EBITDA from the Bluewater development is due principally to the sale of 10% in the June 2001 financial year as compared to the June 2000 financial year in which 20% was sold.
- The increase in EBITDA from Fox Studios relates to lower provisions raised in the June 2001 financial year relative to provisions raised in the June 2000 financial year.
- The increase in Other Property Development EBITDA in the June 2001 financial year mainly reflects an increase in the Australian residential and land management business and the sale of Lend Lease's interest in Aurora Place.
- The decrease in EBITDA from Real Estate Investments mainly relates to a decline in EBITDA generated by the pre-existing ERE/Yarmouth business in North America, partially offset by the impact of a full year's operating results to June 2001 from Boston Financial Group (compared to approximately eight months to June 2000) and the five debt businesses acquired from AMRESKO, Inc. (compared to approximately three and a half months to June 2000).
- The decrease in EBITDA from the REI Restructure Costs relates to provisions raised in the June 2001 financial year in respect of initiatives to increase the profitability of the REI North American business.
- The provisions raised against the investment in coolsavings.com reduced EBITDA in the June 2001 financial year by \$47.6 million.
- The decrease in EBITDA from Other Investments mainly relates to the sale of investments in Sitel, Advantra and Mirvac in the June 2000 financial year.
- The Financial Services businesses, which contributed \$265.9 million of EBITDA in the June 2000 financial year, was sold on 30 June 2000.
- The increase in EBITDA from Other mainly related to the reduction in corporate overheads in the June 2001 financial year.

The lower EBITDA in the June 2001 financial year relative to the June 2000 financial year resulted in a lower profit after tax. The profit after tax declined by a greater proportion than EBITDA, mainly because of the non-taxable nature of the profit distribution from Financial Services in the June 2000 financial year.

The effective tax rate was 34.5% in the June 2001 financial year as compared to 25.3% in the June 2000 financial year. The increase mainly related to the non-taxable nature of the profit distribution from Financial Services which was included in the June 2000 financial year.

Earnings per share (EPS) decreased from 85.1 cents in the year to 30 June 2000 to 33.7 cents in the year to 30 June 2001. The percentage decrease is similar to the operating profit after tax despite the reduction of 88.3 million in shares on issue (17.3% of shares on issue at 30 June 2000) following the share buyback completed in October 2000. This is due to the EPS calculation being based on the weighted average number of shares on issue during the year, not on the number shares outstanding at year end.

Return on equity (ROE) for the year to 30 June 2001 was 4.1% compared to 8.2% for the corresponding period. The decrease in the ROE was principally due to a reduction in overall profit after tax from \$432.6 million to \$151.4 million.

The final fully franked dividend of 8 cents per share was paid on 13 September 2001 (32 cents per share 14 September 2000). The dividend payout ratio is 59.6% (June 2000 financial year 75.6%).

SEGMENT RESULTS

The financial results presented below are split into three segments. The first two segments consist of the core global real estate businesses – Real Estate Solutions (consisting of project management, construction management, development and finance) and Real Estate Investments (consisting of investment management and asset management). These two businesses are linked but independent to ensure focus on their clients' needs and the development of the necessary specialist skills.

The third segment consists of those businesses that are not core to the future global real estate model. This segment includes Capital Services, Equity Investments, IT+T and eBusiness investments.

The following table provides segment results for the June 2001 financial year. It should be noted that the segment results of the operating businesses exclude financing costs (which are included in Group Treasury) and amortisation charges.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

OVERVIEW continued

SEGMENT RESULTS continued

BUSINESS SEGMENT SUMMARY

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m
Bovis Lend Lease	9,204.3	6,512.3	145.3	101.2	90.3	56.3	3,438.1	2,755.6
Property Development	873.2	1,299.9	36.9	22.8	30.9	11.3	1,642.8	2,049.2
Total Real Estate Solutions (RES)	10,077.5	7,812.2	182.2	124.0	121.2	67.6	5,080.9	4,804.8
Real Estate Investments	937.3	690.0	162.7	218.1	116.9	137.2	3,216.0	2,627.8
Total Core Real Estate	11,014.8	8,502.2	344.9	342.1	238.1	204.8	8,296.9	7,432.6
NON CORE BUSINESSES/ONE-OFF ITEMS								
REI Restructure Costs			(51.7)		(30.3)			
Capital Services	76.9	62.1	(2.2)	13.3	(12.7)	14.4	33.8	105.3
IT+T and eBusiness Investments	11.8	87.0	(56.9)	59.6	(42.7)	38.1	83.6	132.3
Equity Investments	192.5	218.6	120.3	134.4	82.7	98.4	22.5	93.7
Total Non Core Business	281.2	367.7	9.5	207.3	(3.0)	150.9	139.9	331.3
CORPORATE								
Group Services	43.3	19.5	(71.8)	(82.5)	(35.2)	(50.3)		
Group Amortisation			(82.3)	(55.7)	(82.3)	(55.7)		
Group Treasury	114.5	44.5	40.2	(80.4)	33.8	(48.1)	690.0	3,178.0
Total Corporate	157.8	64.0	(113.9)	(218.6)	(83.7)	(154.1)	690.0	3,178.0
Total excluding Financial Services	11,453.8	8,933.9	240.5	330.8	151.4	201.6	9,126.8	10,941.9
Financial Services ⁽¹⁾		4,062.9		425.4		230.6		
Total Operating	11,453.8	12,996.8	240.5	756.2	151.4	432.2	9,126.8	10,941.9
Extraordinary item						3,112.3		
Total Net Profit						3,544.5		

(1) Includes consolidation of Statutory Funds.

LEND LEASE STRATEGY

Lend Lease's objective is to be the world's leading provider of real estate solutions through its global capabilities in the key real estate activities: real estate investment (REI), project management/construction management (Bovis Lend Lease) and property development (Property Development).

Real Estate as an industry has traditionally involved local or in some cases regional service providers and therefore has been fragmented and inefficient. However, an increasing number of clients are requiring service providers that possess both broad global real estate capabilities and have the ability to provide services in local markets.

An organisational structure has evolved whereby services provided by individual business units are aggregated across the Lend Lease Group to provide a total solution for a client.

Lend Lease has two broad groups of clients. The first group are clients, both individual and institutional, who invest in real estate and who benchmark performance against appropriate risk return indexes. The second group are organisations who outsource some or all elements of the development delivery, financing and management of real estate assets. These are organisations that seek solutions to their real estate needs to allow them to be more competitive, improve service levels and lower costs.

In March 2000, Lend Lease announced that it will concentrate its property development activities so as to align itself with third parties' capital (which may also include a component of Lend Lease's capital as well) to promote development opportunities. In certain selective circumstances Lend Lease may undertake 'own-funded' development projects. This change in strategy is expected to reduce the amount of Lend Lease capital committed to Property Development and reduce the volatility in earnings from Property Development.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE SOLUTIONS

The Group's Real Estate Solutions business encompasses two major business activities: Bovis Lend Lease (Project and Construction Management) and Lend Lease Property Development.

BOVIS LEND LEASE (BLL)

The principal activities of this business segment are real estate project management, project design and construction management. In addition this business segment is responsible for the creation and management of Private Finance Initiatives (PFI) and Build Operate Transfer (BOT) projects.

BLL is a key component in Lend Lease's real estate strategy due to its global scale and capacity, an increasing repeat client pipeline and a growing number of long term, fully integrated PFI and BOT positions. This is expected to result in a growing percentage of recurrent profit streams. In addition to this, BLL business has linkages with the other Lend Lease businesses, either as a supplier of services to them, or working jointly with them on Group initiatives (such as major development projects like Victoria Harbour in Melbourne, Australia).

At 30 June 2001, the business had a committed Backlog Gross Profit Margin of \$518.2 million. Over 65% of the Realised Gross Profit Margin for the year to 30 June 2001 was from 'repeat clients' with which BLL either has a formal contractual relationship, or has provided services for previously. As a result of the broad service offering, BLL is not overly dependent on any particular industry sector. Through industry/client/geographic diversification, BLL's strategy is to dampen earnings volatility typically evident in project and construction management businesses, though these are to some extent unavoidable in this business.

BLL's profit is generally earned on a margin over cost basis, but increasingly from providing value added services through alliances and PFI/BOT projects. Construction costs are typically funded by progress payments from clients and accordingly the business does not require significant amounts of capital. The profitability of the business is most directly related to the level of construction activity and fees and margins negotiated on a contract-by-contract basis.

KEY FINANCIAL RESULTS

The financial results for the year to 30 June 2001 are as follows:

	Realised Gross Profit Margin		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax	
	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m
<i>Business Units</i> ⁽¹⁾						
Asia Pacific	133.2	159.9	57.9	81.6	33.4	47.0
Americas	180.0	100.6	57.8	24.1	34.5	15.0
Europe	193.7	103.3	57.4	25.1	40.0	13.5
Global Markets	49.7	41.9	5.8	3.2	5.3	1.8
Global Management and Other Costs ⁽²⁾			(33.6)	(32.8)	(22.9)	(21.0)
Total Bovis Lend Lease	556.6	405.7	145.3	101.2	90.3	56.3

(1) The results for 30 June 2000 only include eight months of operating financials from the Bovis acquisition (October 1999).

(2) Includes the overhead cost of the global executive management team and business reinvestment costs, which are allocated across the regions for segment reporting purposes.

Profit after Tax

BLL's contribution to the Group's operating profit after tax was \$90.3 million for the year ended 30 June 2001; a 60.4% increase on the \$56.3 million earned in the year ended 30 June 2000. This increase was partially attributable to the year ended 30 June 2000 including only eight months of results for Bovis, which was acquired in October 1999.

The current period's result included a net \$3.3 million after tax release of internal profits in respect of projects in which Lend Lease held an equity interest, principally Aurora Place. Under Australian accounting rules such profits are excluded from the results until the equity interests in those projects are realised.

Interest Earned

BLL also contributed net interest earnings of \$14.0 million after tax, which is included in the Corporate Group Treasury result. As set out below, BLL generates surplus working capital, which then earns interest income for the Group or is lent to other parts of the Lend Lease Group. Interest income is earned on the average working capital balance for the period, which can fluctuate greatly on a month-by-month basis depending on cash flow balances in individual projects.

The following table summarises the profit after tax by region after adjusting for the benefits of the positive working capital balances to reflect the full contribution to Lend Lease Group profit by BLL.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE SOLUTIONS continued

BOVIS LEND LEASE (BLL) continued

KEY FINANCIAL RESULTS continued

Adjusted Profit After Tax

	Segment Profit After Tax June 2001 \$m	Add: Interest After Tax June 2001 \$m	Adjusted Profit After Tax June 2001 \$m
Asia Pacific	33.4	4.6	38.0
Americas	34.5	6.0	40.5
Europe	40.0	3.2	43.2
Global Markets	5.3	0.2	5.5
Global Management and Other Costs	(22.9)		(22.9)
Total Bovis Lend Lease	90.3	14.0	104.3

NEW WORK SECURED AND BACKLOG GROSS PROFIT MARGIN (BACKLOG GPM)

New Work Secured can be measured in terms of the value of additional GPM added to Backlog GPM in respect of contracts committed with BLL's clients during the year.

Backlog GPM is the forecast GPM estimated to emerge or be realised in future periods from the total contracts committed at the end of a period and is accordingly dependent upon the outcome of future events. This information is unaudited. Operating profit before tax is determined by deducting indirect overhead and allowing for timing differences (for example reserve releases) from the Realised GPM during the period.

The following table provides a summary of the New Work Secured in the year to 30 June 2001 and the Backlog GPM at 30 June 2001.

	Opening Backlog GPM at June 2000 \$m	Plus: New Work Secured (Margin) to June 2001 \$m	Less: Realised GPM to June 2001 ⁽¹⁾ \$m	Equals: Closing Backlog GPM at June 2001 \$m
Asia Pacific	58.2	135.3	(133.2)	60.3
Americas	173.8	216.9	(180.0)	210.7
Europe	219.7	173.4	(193.7)	199.4
Global Markets	30.1	67.4	(49.7)	47.8
Total Bovis Lend Lease	481.8	593.0	(556.6)	518.2

(1) Flows through to profit for the period before the allocation of indirect overheads.

On 3 January 2001, BLL acquired IRW, one of Germany's leading project management companies, for \$21.9 million (GBP8.3 million). The acquisition extends BLL's presence to a key European market. IRW contributed \$10.8 million Backlog GPM at the time of the acquisition.

The Realised GPM for the year ended 30 June 2001 included the opening Backlog GPM as at 1 July 2000 which was realised during the year and any Realised GPM on projects secured since 1 July 2000.

The Backlog GPM at 30 June 2001 for each of the business units is expected to emerge or be realised over future reporting periods as follows:

	12 months to June 2002 %	12 months to June 2003 %	Post June 2003 %	Total %
Asia Pacific	9.5	1.8	0.4	11.7
Americas	25.4	9.3	5.9	40.6
Europe	22.5	9.3	6.7	38.5
Global Markets	5.9	2.6	0.7	9.2
Total Bovis Lend Lease	63.3%	23.0%	13.7%	100.0%

The above table shows that of the Backlog GPM committed as at 30 June 2001, 63.3% is projected to be realised as profit in the year to 30 June 2002. A further 23.0% of the 30 June 2001 Backlog is projected to be realised as profit in the year to 30 June 2003.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE SOLUTIONS continued

BOVIS LEND LEASE (BLL) continued

NEW WORK SECURED AND BACKLOG GROSS PROFIT MARGIN (BACKLOG GPM) continued

The 63.3% of the Backlog at 30 June 2001 that is expected to be realised as profit in the year to 30 June 2002 is expected to make up around 45% to 55% of the expected total Realised GPM for the year to 30 June 2002.

PERFORMANCE GUARANTEES

Lend Lease provides performance guarantees to BLL clients in certain circumstances which usually relate to guaranteeing that BLL will complete its obligations under its contracts with those clients. These guarantees have been provided in the ordinary course of business. The Directors do not believe that there is currently any material exposure in relation to these guarantees.

PROPERTY DEVELOPMENT

The activities of this business involve all aspects of property development from concept through design, planning, construction, financing, leasing and eventual sale.

Lend Lease's Property Development can be categorised into three segments:

- Projects where Lend Lease used its own balance sheet to fund the development. As discussed previously, such projects will be undertaken selectively in future.
- Projects that are developed with third parties' capital from which Lend Lease receives development fees. The ultimate development fee earned would typically involve Lend Lease taking completion and leasing risks. In some instances, Lend Lease co-invests in such projects.
- A residential and land management development business in Australia that does not require large amounts of capital relative to the stable income that flows from the business. This business has been enhanced by the acquisition of the Delfin business (transaction closed on 10 August 2001 for \$171.8 million) which now establishes Lend Lease Development with a geographically diverse portfolio of projects. The combined group has a total workload of 55,000 lots in the major growth corridors along the Eastern seaboard of Australia as well as key projects in South Australia and the Northern Territory. The June 2001 financial year results of Lend Lease do not include profits from Delfin.

The focus of the Property Development business going forward will be on the latter two businesses and maximising the disposition value of the existing projects.

RESULTS

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m
Australia ⁽¹⁾	489.1	548.5	(29.7)	(82.7)	(27.2)	(50.2)	557.7	822.6
North America	1.3	3.1	(7.4)	(4.9)	(4.3)	(4.9)	15.2	
Asia	47.9	16.6	15.5	7.3	12.0	3.5	43.8	44.2
Europe	334.9	731.7	58.5	103.1	50.4	62.9	1,026.1	1,182.4
Total Property Development	873.2	1,299.9	36.9	22.8	30.9	11.3	1,642.8	2,049.2
% of Total Group	7.6%	10.0%	15.3%	3.0%	20.4%	2.6%	18.0%	18.7%

(1) Profit after tax in June 2001 is net of minority interests deducted of \$5.9 million.

Revenue

Australian revenue for the financial year ended 30 June 2001 primarily related to revenue earned in relation to the disposal of the 50% joint venture interest in Aurora Place, Sydney (\$242.5 million), residential sales of the Olympic Village/Newington project in Sydney (\$182.2 million) and progressive sales of other residential projects (\$64.4 million).

The Asian revenue mainly related to sales of factory units at Admiralty Industrial Park, Singapore (AIP) (\$38.1 million) and the sale of Cempaka, Indonesia (\$9.5 million).

European revenue mainly comprised the sale of 10% of Bluewater, Kent (\$272.5 million) to Prudential on 1 July 2000, additional revenue recognised from the sale of a 70% interest in Overgate, Dundee (\$25.5 million), proceeds from the sale of Whitecliff Properties (\$19.2 million) and development fees from the Bluewater South Village project (\$8.5 million).

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE SOLUTIONS continued

PROPERTY DEVELOPMENT continued

RESULTS continued

Profit after Tax

The loss after tax in Australia of \$27.2 million mainly comprised:

- Profit after tax of \$19.6 million in relation to the disposal of the 50% joint venture interest in Aurora Place.
- A net loss after tax of \$65.0 million on Lend Lease's 50% interest in Fox Studios which consisted of:
 - share of operating loss after tax for the year ended 30 June 2001 of \$11.1 million;
 - a provision of \$62.1 million after tax raised against the investment in Fox Studios; and
 - reversal of part of other provisions held at June 2000 in respect of Fox Studios of \$8.2 million after tax.
- Profit after tax on the residential projects of \$15.9 million including Olympic Village/Newington (\$8.4 million) and Jacksons Landing (\$5.8 million).
- Other development profits after tax of \$2.3 million.

The loss after tax of \$50.2 million in the year to 30 June 2000 was principally due to a loss after tax of \$81.5 million in respect of Fox Studios offset by a profit of \$26.4 million after tax from sales of various developments.

The \$4.3 million loss after tax in North America mainly related to costs to establish a US Property Development business and costs in respect of the San Francisco Piers Project.

The profit after tax in Asia of \$12.0 million mainly related to sales of the AIP factory units (\$6.8 million) and the part reversal of an earlier provision following the profit on sale of Cempaka, Indonesia (\$8.4 million), offset by business overheads. The profit after tax for the year to 30 June 2000 was lower due to lower profits in respect of AIP (\$3.5 million after tax).

The European profit after tax of \$50.4 million for the financial year to June 2001 mainly related to the divestment of 10% of Bluewater to Prudential (\$46.0 million profit after tax), the profit effect of the discounted final Bluewater land payment to Blue Circle Industries as part of the Whitecliff Properties sale (\$4.6 million profit after tax), the release of excess Bluewater warranty costs (\$9.6 million profit after tax), offset by business overheads and costs associated with progressing prospective projects. The European profit after tax in the year to 30 June 2000 was favourably impacted by the sale of a 20% stake in Bluewater.

REAL ESTATE INVESTMENTS (REI)

The principal activities of this business segment are management of real estate investment funds, limited partnerships and trusts on behalf of clients (including acquiring, managing and selling investments), co-investment in funds or real estate assets, portfolio management, originating and servicing of commercial mortgages, resolution of sub-performing and non-performing commercial mortgages, shopping centre leasing, management and re-development and acting as financial advisor and arranger of project finance and related services.

RESULTS

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m
Australia & Pacific	88.7	83.2	30.6	22.6	19.3	14.2	158.3	163.8
North America	711.0	523.8	115.3	141.4	89.9	88.9	2,693.2	2,210.4
Asia	41.9	6.0	(11.6)	7.5	(10.2)	4.3	192.7	144.3
Europe	95.7	77.0	28.4	46.6	17.9	29.8	171.8	109.3
Total Operating	937.3	690.0	162.7	218.1	116.9	137.2	3,216.0	2,627.8
US REI Restructure costs			(51.7)		(30.3)			
Total REI	937.3	690.0	111.0	218.1	86.6	137.2	3,216.0	2,627.8
% of Total Group	8.2%	5.3%	46.2%	28.8%	57.2%	31.7%	35.2%	24.0%

The 30 June 2001 profit after tax for REI, excluding restructure costs was \$116.9 million, a decrease of 14.8% over the year to 30 June 2000. The 30 June 2001 result included a full year of operations of the Boston Financial Group (BFG) (acquired 3 November 1999) and the five businesses acquired from AMRESKO, Inc. (Debt Businesses) (acquired 17 March 2000) whereas the 30 June 2000 financial results only included the results of Boston Financial for approximately eight months and the Debt Businesses for approximately three and a half months. The REI results are analysed by region below.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE INVESTMENTS (REI) continued

REI – AUSTRALIA & PACIFIC

The REI Australia & Pacific business is conducted through two business units:

- **Investment Management – Equity** – which includes the management of General Property Trust, Australian Prime Property Fund, the Lend Lease US Office Trust and the Property Securities business which was retained when the Financial Services businesses were sold to National Australia Bank on 30 June 2000.
- **Retail Property Management** – which manages a number of Australian Retail Centres on behalf of investors such as GPT and APPF.

ANALYSIS OF RESULT

Profit after tax of the REI business increased by 35.9% from June 2000 to June 2001 (9.2% increase if the Property Securities business was excluded from the June 2001 result – refer below).

The profit before tax of the Australian REI business increased from \$22.6 million for the year ended 30 June 2000 to \$30.6 million for the year ended 30 June 2001. The increase mainly reflected the inclusion of \$6.1 million of investment management fees from the retained Property Securities business, the reversal of provisions of \$3.5 million no longer required in relation to GST implementation and Managed Investments Act compliance in the June 2001 financial year and an increase in development management fees of \$3.5 million in the June 2001 financial year. The Property Securities financial results were previously included in the Financial Services business segment. The June 2000 expenses included \$1.0 million in relation to the unsuccessful Department of Finance and Administration tender.

REI – NORTH AMERICA

The REI North America business consists broadly of real estate equity and debt investment management and certain related real estate activities.

REAL ESTATE EQUITY

The real estate equity management businesses manage investment in real estate assets for clients, which involves the raising of investor capital, the acquisition/disposition of real estate assets and the investment management of real estate assets.

INVESTMENT MANAGEMENT – EQUITY provides services for investors in real estate equity. There are three main categories of investors:

Financial Institutions represents separate account funds for financial institutions where The Equitable General Account is the primary investor.

Co-Mingled Funds are multi-investor funds, which include the Prime Property Fund (PPF), Value Enhancement Fund (VEF) series, Arch Street (multi-family) series and other smaller funds.

Separate Accounts are individual direct investment holdings by domestic pension funds, foundations and endowments, family offices and foreign institutions.

HOUSING AND COMMUNITY INVESTING (HCI) aggregates, syndicates and then manages multi-family investment funds which under certain circumstances provide tax advantages to investors due to their investment in affordable multi-family housing (tax credit-supported) products.

REAL ESTATE DEBT

The real estate debt businesses are interconnected and cover the full spectrum of services relating to real estate debt.

INVESTMENT MANAGEMENT – DEBT provides services for investors in real estate associated debt. There are six main business segments within the Investment Management – Debt business:

Lend Lease Asset Management acquires, manages and resolves non-performing and sub-performing loan portfolios for institutional investors, banks, insurance companies and private investors; and provides Special Servicing for Commercial Mortgage Backed Securities (CMBS). This business operates in the US, Canada and Mexico.

Lend Lease Agri-Business originates, manages and services agricultural backed mortgage loans for The Equitable General Account and US government sponsored credit programs (Farmer Mac and Farm Credit Services).

Lend Lease Mortgage Capital originates and manages multi-family mortgage loans for US government sponsored credit programs (Fannie Mae and Freddie Mac).

Debt Advisory originates and manages investments in mortgage loans and CMBS for The Equitable General Account, other institutional separate accounts and co-mingled funds.

Program Lending originates commercial mortgages primarily for Teachers Insurance Annuity Association (TIAA).

High Yield Debt originates and manages investments in mezzanine debt products on behalf of investors.

CAPMARK SERVICES (CapMark) services mortgage loans originated internally by HFF and the Investment Management – Debt businesses, and from external sources including CMBS issuers and owners of whole loan portfolios.

HOLLIDAY FENOGLIO FOWLER (HFF) provides financial brokerage services for commercial real estate owners, including sales of properties and the arrangement of first-lien mortgages and mezzanine capital.

ANALYSIS OF RESULT

The profit before tax and restructure costs of the REI North America business decreased from \$141.4 million for the year ended 30 June 2000 to \$115.3 million for the year ended 30 June 2001.

The decrease in pre-tax profit reflected:

- Investment Management – Equity's revenue declined significantly primarily due to lower acquisition, disposition and incentive fees relative to the prior year (which included significant incentive fees earned on the liquidation of VEFI and YCPI).

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE INVESTMENTS (REI) continued

REI – NORTH AMERICA continued

ANALYSIS OF RESULT continued

- Total revenues of US REI increased to \$711.0 million in the year to 30 June 2001 from \$523.8 million in the year to 30 June 2000, largely due to the full year of operations of BFG and the Debt Businesses in the June 2001 financial year, in comparison to approximately eight and three and a half months respectively of operations in the June 2000 financial year. However, direct business expenses increased correspondingly faster in the year to 30 June 2001 compared to the year to 30 June 2000 as reflected in the increase in the ratio of direct expenses to total operational revenues from 70.4% to 82.3%.
- Increased investment income mainly due to inclusion of a full twelve months of income from investments acquired with BFG and the Debt Businesses.
- Lower profits from the sale of investments in June 2001 relative to June 2000.

The profit after tax for the year ended 30 June 2001 of \$89.9 million as compared to \$88.9 million for the year ended 30 June 2000 reflected the above factors as well as reduced income tax expense due to the lower profit before tax and an increase in deductions for amortisation expense in June 2001.

A brief summary of the performance of each of the North American REI businesses follows.

INVESTMENT MANAGEMENT – EQUITY

The results of this business were below expectations, which was primarily due to a reduced flow of investment capital from US institutional sources to real estate and an increase in the relative strength of the US dollar against the Euro which reduced the flow of investment capital from European investors. During the last year, many pension funds have become over-allocated within their portfolios to equity real estate as the decline in stock market values lowered the total value of the funds' assets. Since real estate values have remained relatively stable, the percentage of real estate in some funds has exceeded the approved allocation. As a result, these funds are fully invested in real estate, which has reduced the flow of investment capital.

HOUSING AND COMMUNITY INVESTING (HCI)

The results for the HCI business were in line with expectations. HCI earns the majority of its revenues in the December quarter when tax-driven transactions are completed in advance of the US tax financial period of 31 December. As such, HCI normally earns over 50% of its revenues in November and December, whereas expenses are spread more evenly throughout the year.

Transaction flow in HCI continues to be strong and an additional 42.0% of transactions were completed in the year to 30 June 2001 compared to the year to 30 June 2000. In part this reflected the fact that approximately eight months of earnings were recognised in the year to 30 June 2000 as HCI was acquired as part of BFG in November 1999 compared to a full year's operations in the year to 30 June 2001.

The US government has announced an additional 20% in federal affordable housing tax credits for each of the next two years. The HCI business is positioned to capitalise on this opportunity.

INVESTMENT MANAGEMENT – DEBT

The results for the Investment Management – Debt businesses were mixed and mainly reflected:

- The results for the Lend Lease Asset Management (Debt Resolution) business were below expectations, which was mainly due to lower than anticipated volumes of distressed and delinquent loans in North America.
- The results for Lend Lease Agri-Business increased over the prior year results and were in line with expectations.
- The results for the Lend Lease Mortgage Capital business was ahead of expectations mainly due to increased loan origination volumes following a reduction in US interest rates in early calendar 2001.
- The results for the Debt Advisory Group were below expectations, which was primarily due to executive departures in the September 2000 quarter which resulted in significantly lower loan origination volumes as compared to previous years.

CAPMARK

CapMark has a relatively predictable income stream and its results for the year to 30 June 2001 were in line with expectations.

HOLLIDAY FENOGLIO FOWLER (HFF)

HFF's results for the June 2001 financial year were in line with expectations.

EXPENSES

US REI has implemented a long-term cost reduction program across all businesses. Specifically in the Investment Management – Equity business, Project Enterprise was initiated. Project Enterprise was designed to build an operating platform to assist in the long term growth and flexibility of the REI business by transforming business processes through the focus on value added service activities and integrated IT solutions. Project Enterprise was completed and implemented within the business during June 2001. The total capitalised costs for Project Enterprise of \$72.1 million (including \$41.5 million capitalised in June 2001 financial year) will be amortised over a five year period (i.e. \$14.4 million per annum beginning 1 July 2001).

REI – ASIA

The REI Asia business is conducted through two business units:

- **Investment Management – Equity**, which includes the management of the Asia Pacific Investment Corporation (APIC) and management services provided to the Lend Lease Global Fund in relation to its Asian investments.
- **Investment Management – Debt**, which relates to the Asian Lend Lease Asset Management business, which is involved in the acquisition, administration and resolution of sub-performing and non-performing loan and real estate portfolios.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE INVESTMENTS (REI) continued

REI – ASIA continued

The profit before tax of \$7.5 million for the year ended 30 June 2000 mainly related to the Investment Management – Equity business. The loss before tax of \$11.6 million for the year ended 30 June 2001 comprised an operating pre-tax loss for the start up Investment Management – Debt business of \$14.4 million offset by a profit before tax of \$2.8 million in the Investment Management – Equity business. The Investment Management – Equity business profit included a \$1.2 million reversal of the remaining provision held against the investment in APIC (compared to \$7.8 million reversal in June 2000). The reversals were due to the recovery in the values of some investments held by APIC.

Expenses increased from \$6.3 million in the year to 30 June 2000 to \$54.5 million in the year to 30 June 2001 which mainly related to the additional services provided to the Global Fund, APIC, costs incurred in establishing a broader Asian REI Equity business (including Japan of \$2.9 million), start-up expenses for the Debt Business in Japan and Korea (\$27.1 million) and expenses associated with establishing IDDF (\$3.9 million).

REI – EUROPE

The Real Estate Investments Europe business is conducted through three business units:

- **Investment Management – Equity**, which includes the management of Bluewater on behalf of investors (including Lend Lease's 30% residual ownership), the Lend Lease Retail Partnership and the Lend Lease Overgate Partnership as well as transaction fees for acquisitions and dispositions as agent for Lend Lease's funds in Europe (e.g. Global Fund).

In addition Lend Lease receives investment income from co-investments in funds, direct investment in assets, and equity accounted profits.

- **Retail Property Management**, which includes the Larry Smith Retail Centre management business in Spain and Italy as well as the management of UK retail shopping centres (Bluewater and Overgate, Dundee).
- **Lend Lease Global Fund Management**, which relates to the dedicated management of the Global Fund.

The profit before tax in June 2001 of \$28.4 million comprises net investment income of \$49.9 million offset by operating losses of \$21.5 million, which reflects the effective start up nature of the business in this region.

Expenses increased from \$23.5 million in the year to 30 June 2000 to \$46.0 million in the year to 30 June 2001. The increase mainly reflected the costs associated with the establishment of the Generali Joint Venture, the Lend Lease Houlihan Rovers property securities management business and the Lend Lease Global Fund.

US REI RESTRUCTURE COSTS

The restructuring costs of \$51.7 million before tax (\$30.3 million after tax) related to the cost of initiatives to be incurred in order to increase the profitability of the REI North American business. The costs include severance costs for personnel, the consolidation of offices throughout North America and the rationalisation of the current non-performing businesses.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE INVESTMENTS (REI) continued

REI – ASSETS UNDER MANAGEMENT (AUM)

Real Estate Investments AUM at 30 June 2001 were \$86.6 billion, compared to \$71.1 billion at 30 June 2000, a 21.8% increase (8.9% increase excluding currency fluctuations).

	June 2001 North America A\$b	June 2001 Aust & Pacific A\$b	June 2001 Asia A\$b	June 2001 Europe A\$b	Year to 30 June 2001 Total A\$b	Year to 30 June 2000 Total A\$b
AUM at beginning of financial year	57.5	10.0	0.8	2.8	71.1	46.9
Exchange gain/(loss)	8.9		0.1	0.2	9.2	3.0
Additions	6.7	0.8	0.6	1.4	9.5	13.3
Reductions	(5.4)	(0.1)			(5.5)	(7.5)
Net Revaluations	1.5	0.3		0.5	2.3	
Acquisition of Businesses Reallocated to AUR						26.1 (10.7)
AUM at end of financial year	69.2	11.0	1.5	4.9	86.6	71.1
	USD36.0		USD0.8	GBP1.8		

The US REI AUM totalled \$69.2 billion representing approximately 80% of the total REI AUM.

REI – ASSETS UNDER RESOLUTION (AUR)

Real Estate Investment's AUR at 30 June 2001 were \$13.7 billion, compared to \$10.7 billion at 30 June 2000, a 28.0% increase (10.9% increase excluding currency fluctuations).

	June 2001 North America A\$b	June 2001 Asia A\$b	June 2001 Total A\$b	June 2000 Total A\$b
AUR at beginning of financial year	2.0	8.7	10.7	
Exchange gain/(loss)	0.3	1.3	1.6	
Additions	0.6	5.4	6.0	
Reductions		(2.3)	(2.3)	
Net Revaluations	(0.6)	(1.7)	(2.3)	
Acquired AUR				10.7
AUR at end of financial year	2.3	11.4	13.7	10.7
	USD1.2	USD5.9	USD7.1	USD6.4

REI – LOANS UNDER SERVICING (LUS)

Real Estate Investment's LUS at 30 June 2001 were \$96.3 billion, compared to \$82.7 billion at 30 June 2000, a 16.4% increase (1.0% increase excluding currency fluctuations).

	June 2001 North America A\$b	June 2000 North America A\$b
LUS at beginning of financial year	82.7	12.0
Exchange gain/(loss)	12.6	
LUS acquired		70.4
Additions – internal sources	4.6	
Additions – external sources	6.8	1.8
Loan run-offs	(10.2)	(1.5)
Other	(0.2)	
LUS at end of financial year	96.3	82.7
	USD50.1	USD49.6

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

REAL ESTATE INVESTMENTS (REI) continued

DEFINITIONS

Assets Under Management (AUM) – represents the market value of real estate assets managed in an advisory capacity on behalf of investors.

Assets Under Resolution (AUR) – represents the legal balances of distressed (non-performing) mortgage loans that have typically been acquired at a discount in order for the assets, secured by the mortgage loans, to be liquidated at a higher value on behalf of investors.

Loans Under Servicing (LUS) – represents the legal balances of mortgage loans that are administered on behalf of investors.

CAPITAL SERVICES

The principal activities of Capital Services are as investor in infrastructure assets and asset fund managers and investor in UK real estate development companies. This business is focussed on maximising the value of its existing investments and is not pursuing any new investments.

The loss after tax of \$12.7 million for the June 2001 financial year mainly related to provisions raised against UK investments, partially offset by profits earned on the sale of Lend Lease's remaining interest in the Prospect Water Partnership, and the sale of the investment in the BP Co-generation Facility during the year. The profit after tax of \$14.4 million in the previous year included the initial sale of a partial interest in Lend Lease's investment in the Prospect Water Partnership and the sale of Lend Lease's interest in the Fareham Shopping Centre.

INVESTMENTS

IT+T AND EBUSINESS INVESTMENTS

These investments related to holdings in information technology and telecommunication (IT+T) services companies and various eBusiness ventures.

IT+T and eBusiness Investments made a loss of \$42.7 million for the June 2001 financial year, which was largely due to the writedown in internet-related investments which totalled \$40.4 million after tax (including coolsavings.com \$36.4 million after tax). The previous year's profit of \$38.1 million included profits from the sale of investments in Sitel and Advantra.

EQUITY (LISTED) INVESTMENTS

Lend Lease's strategy has been from time to time to make and hold investments in companies where a strategic business rationale existed, and where a mutually beneficial business relationship with these companies could be developed. The decision to invest or divest equity investments is determined after consideration of both strategic and valuation factors.

Equity Investments' contribution to the profits of the Group was \$82.7 million for the June 2001 financial year which mainly related to the realisation of hedged Westpac shares of \$82.6 million profit after tax (\$62.6 million profit after tax in June 2000). The profit after tax of \$98.4 million for the year to 30 June 2000 also included the sale of Lend Lease's interest in Mirvac for a profit after tax of \$10.8 million and a dividend of \$24.0 million received on the 100 million Westpac Warrants.

Westpac Shares Hedge Arrangement

In December 1998 Lend Lease entered into share lending and hedging arrangements (the Arrangements) in relation to 40 million Westpac shares which effectively locked-in a price of \$10.05 per share. The Arrangements locked-in an unrealised profit which is not recognised until the Arrangements are terminated, the timing of which is at Lend Lease's discretion. During the June 2001 financial year Lend Lease terminated the Arrangements over 19 million of the Westpac shares. The termination resulted in a \$82.6 million profit after tax which approximated the total Group amortisation charge for the financial year ended 30 June 2001 of \$82.3 million.

As amortisation is an accounting entry, which does not in the Directors' view reflect the true valuations of the assets being amortised, the Directors have decided to offset the amortisation charge by an approximately equivalent accounting gain from unwinding some of the Westpac shares.

The Arrangements continue over the remaining six million Westpac shares effectively locking-in an unrealised profit of \$27.8 million after tax. The remaining profit of \$27.8 million will be recognised in the first half of the June 2002 financial year, which is consistent with Lend Lease's stated policy.

CORPORATE

Corporate consists of Group Services (which includes corporate administration), Group Amortisation and Group Treasury (which includes all financing costs that are not directly related to real estate development projects or investments, irrespective of where those costs are incurred).

GROUP SERVICES

The Group Services loss after tax of \$35.2 million for the June 2001 financial year mainly relates to corporate overheads (including Group IT costs) that are not recharged to operating business units.

GROUP AMORTISATION

The increase in amortisation charges from \$55.7 million in the June 2000 financial year to \$82.3 million in the June 2001 financial year, mainly related to a full twelve months amortisation of goodwill and management agreements in relation to the acquisitions of Bovis, BFG and the Debt Businesses in the year to 30 June 2001.

Accounting for Goodwill and other Intangibles – US Developments

On 29 June 2001, the US Federal Accounting Standards Board (FASB) approved Statement SFAS142, Goodwill and Other Intangible Assets. The Statement removed the requirement to systematically amortise goodwill and instead imposed a requirement to subject goodwill to an impairment test at each reporting date, with any impairment loss charged to profit and loss.

In respect of other intangible assets, the Statement requires:

- For intangible assets with finite lives, the intangible assets are to be amortised over their useful lives; and
- For intangible assets with indefinite lives, then no amortisation is required, with such assets to be subject to an impairment test at each reporting date, with any impairment loss charged to profit and loss.

Lend Lease would view that its management agreements fall into the latter category.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

CORPORATE continued

GROUP AMORTISATION continued

Accounting for Goodwill and other Intangibles – US Developments continued

The Australian accounting standard bodies have not as yet released a formal position in respect to these new US rules. The Directors of Lend Lease agree with SFAS142 as the impairment test reflects economic reality unlike the current Australian standard which requires a charge to the Profit and Loss irrespective of the underlying performance and value of the assets currently subject to amortisation charges.

GROUP TREASURY

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m
FX Hedge Costs				(12.8)		(8.1)		
Interest Revenue	114.5	44.5	114.5	44.5	75.8	29.2		
Borrowing Costs			(74.3)	(112.1)	(42.0)	(69.2)		
Total Group Treasury	114.5	44.5	40.2	(80.4)	33.8	(48.1)	690.0	3,178.0

Foreign exchange hedge costs were \$4.5 million before tax during the year but have been fully allocated to business segments. In June 2000 total hedging costs of \$12.8 million were disclosed in the Group Treasury segment only. The reduction in foreign exchange hedge costs was due to the movement in interest rate differentials, particularly between Australia and the US since January 2001.

Interest revenue increased by \$70.0 million to \$114.5 million for the year ended 30 June 2001, primarily due to the increased interest earned on the larger cash balances following the sale of Financial Services businesses on 30 June 2000.

Borrowing costs (including non-interest) decreased by \$37.8 million to \$74.3 million for the year ended 30 June 2001, primarily due to the prepayment of debt on 30 June 2000 with part of the proceeds from the sale of the Financial Services businesses.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

BALANCE SHEET SUMMARY BY MAJOR COMPONENT

	June 2001 \$m	June 2000 \$m
Cash	1,118.6	3,483.8
Real Estate Development inventories and investments	1,054.8	1,453.0
Real Estate Co-investments	602.4	333.3
Other Real Estate Investments	465.9	576.1
Other Investments	59.7	182.9
Goodwill	1,122.5	1,026.1
Management Agreements	963.8	860.3
Borrowings	(1,080.8)	(1,045.5)
Other Net Assets/(Liabilities) ⁽¹⁾	(639.5)	(1,563.4)
Shareholders' Equity	3,667.4	5,306.6

(1) Other net assets/liabilities includes trade creditors and receivables, provisions and other liabilities including deferred tax.

Lend Lease's Balance Sheet continues to be strong, the key features of which are:

- Cash was \$1,118.6 million at 30 June 2001. The decrease from \$3,483.8 million at June 2000 mainly reflected the off-market share buyback and tax payments on the sale of the Financial Services businesses (refer to Cash Flow section).
- Total equity reduced from \$5.3 billion to \$3.7 billion primarily due to the off-market share buyback.
- A reduced exposure to Property Development inventories and investments (\$1,054.8 million at June 2001 compared to \$1,453.0 million at June 2000).
- Many assets are stated on the Statement of Financial Position at a discount to realisable or market value, or in some instances internally generated assets are not recorded on the Statement of Financial Position.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) continued

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) continued

CREDIT STRENGTH

Management analyses credit strength in terms of interest coverage (i.e. ratio of EBITDA to interest expense). The ratio was 6.1 times for the financial year ended 30 June 2001 (7.5 times June 2000). The ratio for 30 June 2001 was calculated after applying the foreign currency hedge benefit that related to interest expense. The comparative EBITDA to interest expense coverage ratio for the year to 30 June 2000 was influenced by the consolidation of the Statutory Funds which, if excluded, would have resulted in 7.1 times EBITDA to interest expense coverage ratio.

For the year ended 30 June 2001, the interest coverage ratio was a less relevant measure as the Group had substantial interest revenue of \$114.5 million that would have totally offset interest expense (\$74.3 million).

Borrowings were \$1,080.8 million at 30 June 2001, compared to \$1,045.5 million at 30 June 2000. The ratio of borrowings to Shareholders' Equity was 29.5% at 30 June 2001, compared to 19.7% at 30 June 2000. The increase mainly related to the reduction in Shareholders' Equity following the off-market share buyback in October 2000. The ratio of Net Debt to Shareholders' Equity at 30 June 2001 was negative 1.0% due to cash exceeding borrowings.

CASH FLOW

The following table summarises the major cash flows for the period to 30 June 2001 including the application of cash balances since 30 June 2000.

	\$m
Existing cash balances at 30 June 2000 excluding sale of Financial Services	349.1
Financial Services proceeds received 30 June 2000	4,596.7
	4,945.8
Repayment of debt on 30 June 2000	(1,462.0)
Cash at 30 June 2000	3,483.8
SUMMARY OF CASH TRANSACTIONS DURING THE YEAR	
Payment to shareholders	
Off-market share buyback distributed on 10 October 2000	(1,757.2)
Payment of dividends on 14 September 2000 and 14 March 2001	(219.7)
Tax payment on profit from the sale of Financial Services businesses on 1 December 2000	(545.2)
Other cash flows	
Funding of 'out of the money' foreign exchange hedge contracts	(203.6)
REI Co-investments	(208.9)
Other tax payments	(162.9)
Net interest received	38.3
Other net cash flows from operations	694.0
Net cash deployed for the year	(2,365.2)
Closing cash balance at 30 June 2001	1,118.6

APPLICATION OF FUNDS FROM THE SALE OF FINANCIAL SERVICES BUSINESSES

Net cash deployed for the year of \$2,365.2 million was principally due to share buyback payments totalling \$1,757.2 million and income tax paid of \$545.2 million in respect of the profit on sale of the Financial Services businesses.

The bulk of the cash at 30 June 2000 was deployed into activities that did not have any immediate profit benefit to Lend Lease – dividend and capital return payments to shareholders (\$1,976.9 million), tax payments (\$708.1 million) and REI Co-investments (\$208.9 million). This explains the relatively low immediate profit contribution to Lend Lease's June 2001 results from the cash balance at 30 June 2000.

COMMITMENTS

Lend Lease has significant capital commitments over the next twelve months including payment for the acquisition of Delfin \$171.8 million and REI Co-investments of \$550.4 million (including VEF IV and V \$144.7 million, IDDF \$139.7 million, Lend Lease Global Fund \$152.9 million and other Co-investments \$113.1 million). In addition, \$80.0 million was paid in July 2001 in respect of the Fox Studios Financing facilities.

Five Year Profile

		June 2001	June 2000	June 1999	June 1998	June 1997
PROFITABILITY						
Operating revenue	\$m	11,454	12,997	4,119	3,442	2,143
Operating profit before tax	\$m	241	756	516	413	359
Operating profit after tax	\$m	151	432	420	364	322
DIVISIONAL CONTRIBUTION						
Bovis Lend Lease	\$m	90	56	37	31	39
Property Development	\$m	31	11	128	(11)	(13)
Real Estate Investments	\$m	117	137	70	65	19
Capital Services	\$m	(13)	15	8	2	8
Real Estate Services	\$m			11	10	2
Financial Services	\$m		231	200	183	168
IT+T and eBusiness Investments	\$m	(43)	38	9	3	2
Equity Investments	\$m	83	98	51	134	101
Corporate ⁽¹⁾	\$m	(114)	(154)	(94)	(53)	(4)
Total	\$m	151	432	420	364	322
Operating profit after tax to revenue	%	1.3	3.3	10.3	10.6	15.0
Operating profit after tax per full-time employee	\$'000s	14.0	44	91	51	84
Earnings per share ⁽²⁾	cents	33.7	85.0	82.6	71.6	63.9
Operating profit after tax to shareholders' equity (ROE)	%	4.1	8.1	12.1	11.3	11.0
Dividend per share ⁽²⁾	cents	21	64	60	53.5	49
Profit share per employee	\$	1,238	4,018	6,367	3,377	4,786
CORPORATE STRENGTH						
Assets Under Management	\$b	86.6	71.1	73.2	73.5	67.0
Assets Under Resolution	\$b	13.7	10.7			
Loans Under Servicing	\$b	96.3	82.7			
EBITDA	\$m	339	939	576	462	362
Total assets	\$m	9,127	10,942	7,291	6,471	4,674
Cash	\$m	1,119	3,484	621	482	166
Borrowings	\$m	1,081	1,046	1,210	1,544	643
Current assets	\$m	4,278	6,266	2,234	1,396	687
Current liabilities	\$m	3,635	3,800	2,452	1,452	1,337
Net asset backing per share ⁽²⁾	\$	8.54	10.38	6.88	6.42	5.85
Ratio of current assets to current liabilities	times	1.18	1.65	0.91	0.96	0.51
Debt to shareholders' equity	%	29.5	19.7	34.9	47.7	22.0
Debt to shareholders' equity plus debt	%	22.8	16.5	25.9	32.3	18.1
Net debt to shareholders' equity	%	(1.0)	(45.9)	17.0	32.8	16.3
Debt to total market capitalisation	%	20.0	9.6	11.6	18.8	9.2
Shareholders' equity	\$m	3,667	5,307	3,469	3,237	2,919
Shares on issue ⁽²⁾	m	430	512	504	504	500
Number of shareholders	No.	87,516	59,553	45,113	35,404	32,927
Number of equivalent full-time employees	No.	10,484	9,774	4,627	7,079	6,736
SHAREHOLDERS' RETURNS & STATISTICS						
Proportion of shares on issue to top 20 shareholders	%	54.3	60.6	64.4	64.6	65.9
Staff shareholdings	%	14.1	13.7	13.4	13.0	13.5
Total dividends declared	\$m	90	327	303	269	246
Payout ratio	%	60	76	72	74	76
Share price as at 30 June as quoted on the Australian Stock Exchange	\$	12.55	21.31	20.74	16.33	14.00

(1) Includes Group Treasury, amortisation and corporate administration services.

(2) Comparatives have been adjusted to reflect the 1:1 bonus issue in December 1998.

Directors' Report

The Directors present their report together with the Financial Report of the consolidated entity, being the Company and its controlled entities ('Lend Lease') for the year ended 30 June 2001 and the Auditors' report thereon.

DIRECTORS

BOARD

The names, qualifications, experience and special responsibilities of each person holding the position of Director of the Company at the date of this Report are:

J K Conway, Chairman (Non-Executive)

Mrs Conway, aged 66, was appointed to the Board in 1992 and appointed Chairman at the 2000 Annual General Meeting. Mrs Conway is an ex-officio Member of all Board Committees. Her qualifications are BA(Hons) Sydney University, University Medal in History in 1958 and PhD Harvard University in 1969.

Mrs Conway also holds numerous Honorary Doctorates from North American and Canadian Universities. Mrs Conway is a Director of Merrill Lynch & Co. Colgate-Palmolive Company Inc. and Nike Inc. She is also a former Trustee of Teachers Insurance and Annuity Association College Retirement Equities Fund and a former Member of the Harvard University Board of Overseers and numerous other university and charitable boards. Mrs Conway was President and Sophia Smith Professor of History at Smith College from 1975 to 1985 and now teaches as a Visiting Professor in the Science, Technology and Society Program of the Massachusetts Institute of Technology.

D H Higgins, Managing Director (Executive)

Mr Higgins, aged 46, joined the Lend Lease Group in 1985. He was previously the Chief Executive of Civil & Civic and Lend Lease Interiors (now Bovis Lend Lease) and then Chief Executive of the Property Services Australia and Property Services Asia Divisions of the Group before being appointed as Managing Director and Chief Executive in March 1995.

Mr Higgins is the Chairman of the Senior Executive Committee and a Member of the Personnel & Organisation Committee. His qualifications are BEng (Civil), Diploma Securities Institute of Australia.

A Aiello (Executive)

Mr Aiello, aged 58, joined the Lend Lease Group in January 1998 as Chief Information Officer. He was appointed to the Board in May 1998. Mr Aiello was previously President of Fidelity Investments Systems Company and a Managing Director of Fidelity Investments, located in Boston, Massachusetts. He has considerable experience in the strategic direction, implementation and operation of technology and e-commerce.

Mr Aiello is also on the Board of coolsavings.com and is the Chairman of the Software Productivity Consortium, a consortium of major United States defence contractors and telecommunications companies. He is a member of the US Government Accounting Office (GAO) Executive Committee with oversight for IT expenditure.

He has a Bachelor of Science Degree in Engineering from the Polytechnic Institute of New York, a Master of Industrial Engineering, a Master of Science in Operations Research and a PhD in Business Administration from New York University.

E D Cameron (Non-Executive)

Mr Cameron is a Chartered Accountant. Aged 71, he joined the Board in 1989 and is Chairman of the Risk & Compliance Committee, a Director of GPT Management Limited and Chairman of the Risk Management Committee of GPT Management Limited. Mr Cameron was previously Chairman of KMG Hungerfords and subsequently Deputy Chairman of Peat Marwick Hungerfords, Chartered Accountants.

Mr Cameron is a Director of the Kiwi Property Group in New Zealand. He is also Chairman of Crane Group Limited, H-G Development Custodians Pty Limited and H-G Fund 5 Custodians Pty Limited and a Trustee of the Australian Cancer Research Foundation.

Y H Chua, BBM (Non-Executive)

Dr Chua, aged 57, was appointed to the Board in October 1994. He is a Member of the Risk & Compliance Committee as well as chairing Asia Pacific Investment Company Limited. Based in Singapore, Dr Chua was previously Group General Manager/Chief Executive of Suntec City Development Pte Limited, General Manager of Temasek Holdings Pte Limited and Group Managing Director of United Engineers Limited. He is Chairman of Stanbridge International Pte Limited and a Director of Clipsal Industries (Holdings) Limited. He is Singapore's High Commissioner to the Republic of Namibia, a Justice of the Peace and the Co-Patron of the Singapore Australian Business Council.

An engineer by profession, his qualifications are a first-class honours degree in Applied Chemistry, a Diploma in Business Administration and a PhD in Chemical Engineering (NSW).

D A Crawford (Non-Executive)

Mr Crawford is a Chartered Accountant. Aged 57, he joined the Board on 19 July 2001 and has been appointed Chairman Elect of the Risk & Compliance Committee. Mr Crawford is a Non-Executive Director of BHP Billiton Limited and Deputy Chairman of the Australian Ballet. Until recently he was National Chairman of the Australian firm of KPMG. He is currently a Member of the Council of the University of Melbourne and is Treasurer of the Melbourne Cricket Club.

Mr Crawford has degrees of Bachelor of Commerce and Bachelor of Laws from the University of Melbourne and is a Fellow of the Institute of Chartered Accountants. He has extensive accounting and business experience having worked with many large corporations and governments.

G G Edington (Non-Executive)

Mr Edington, aged 55, joined the Board in December 1999 and is a Member of the Risk & Compliance Committee. He is Chairman of UK property company Greycoat Estates Limited, Earls Court and Olympia Group Limited and Garden Park Investments Limited. Mr Edington was a Director of BAA plc and Chairman of BAA International. He joined BAA plc in 1988, became a Member of the Board in 1991 and has been the Chairman of

Directors' Report continued

DIRECTORS continued

BOARD continued

six BAA companies. He is also a Past President of the British Property Federation and was a Member of the Bank of England Property Forum.

Qualified as a Chartered Surveyor, Mr Edington brings to the Board extensive UK and international experience in the property sector. Mr Edington has also been involved with a number of charitable organisations and is currently a Vice President of NCH, one of the UK's leading child care charities.

P C Goldmark (Non-Executive)

Mr Goldmark, aged 60, joined the Board in December 1999 and is the Chairman of the Personnel & Organisation Committee. He has been the Chairman and CEO of The International Herald Tribune in Paris since 1998. Prior to this he was for ten years the President and CEO of the Rockefeller Foundation in New York. He has also held the positions of 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.

Mr Goldmark graduated with a BA from Harvard College, Government Department, magna cum laude. He brings to Lend Lease his wide experience as a CEO and senior executive in the private and public sectors, both in the United States and internationally.

D J Grady (Non-Executive)

Ms Grady, aged 53, was appointed to the Board in June 1994. She is a Member of the Personnel & Organisation Committee. Ms Grady is a Director of Lend Lease USOT Management Limited (the trustee of the Lend Lease US Office Trust), Woolworths Limited and Watty Limited. She is the Chairman of greengrocer.com, a Trustee of the Sydney Opera House and a Director of the Australian Institute of Management.

Her qualifications are MBA Harvard Business School, MA in Chinese Studies, University of Hawaii (East West Center Fellowship) and BA (Hons) in History, Mills College, California. Ms Grady was formerly a partner with McKinsey & Company, where she led the firm's Consumer Goods, Retailing and Marketing Practice in Australia and was a global leader of the Change Management Practice.

R A Longes, Deputy Chairman (Non-Executive)

Mr Longes' qualifications are BA, LLB, MBA. Aged 56, he was appointed to the Board in 1986 and appointed Deputy Chairman in January 2000. Mr Longes is a Member of the Risk & Compliance Committee. He is also Chairman or Director of a number of Lend Lease Group subsidiary companies. Other Directorships include Australian Water Services Pty Limited, The Hornery Institute, Metcash Trading Limited, National Institute of Dramatic Art and Investec Australia Pty Limited. He has recently been appointed to the Aboriginal Tourism Leadership Group.

Mr Longes was formerly a partner of the legal firm Freehills (formerly Freehill, Hollingdale & Page) from which he retired in 1988. He is an Executive Director of Investec Wentworth Pty Limited.

R G Mueller, CBE (Non-Executive)

Mr Mueller, aged 67, was appointed to the Board in 1996. He is a Member of the Personnel & Organisation Committee. He is Chairman of WJB Chiltern Group plc and Chelverton Properties Ltd and a Member of the Board of the International Management Institute – Kiev. Until January 1998, Mr Mueller was Chairman of Union Bank of Switzerland – UK Group having previously been Executive Vice President. He was formerly a Member of the Union Bank of Switzerland Group Executive Board and a Director of T I Group plc.

Mr Mueller was also formerly a Member of the Board of the Royal Opera House, Covent Garden, a Member of the Board of the London Stock Exchange from 1991 to 1995 and was Founder Chairperson of SOFFEX (Swiss Options and Financial Futures Exchange) from 1986 to 1988. Mr Mueller holds a Swiss Federal Commercial Diploma and graduated from the International Management Institute in Geneva with a diploma equivalent to an MBA.

R E Tsenin (Executive)

Mr Tsenin's qualifications are BEc (University Medal, Sydney) and Diploma in Corporate Finance Management (London Business School). Aged 52, he was appointed to the Board in February 1997 and was subsequently appointed Finance Director.

Mr Tsenin commenced his career with Royal Dutch Shell (Group Planning Division) in London and joined Goldman Sachs in 1987. He has extensive corporate finance experience in London, New York and Sydney and was Managing Director of Goldman Sachs' Australian subsidiary until his resignation in January 1997. Mr Tsenin has served on the Boards of National Mutual Holdings, National Mutual Life Association of Australasia and Australian Casualty and Life (until his resignation in January 1997), Telstra Corporation Limited (until his retirement in July 1996) and Sagasco Holdings (until his retirement in December 1993).

S G Hornery, AO (Non-Executive)

Mr Hornery retired as Chairman and a Director on 2 November 2000, having joined the Company in 1964. He was appointed a Director in 1977 and Managing Director in 1978 and had been the Chairman since 1988.

Directors' Report continued

DIRECTORS continued

DIRECTORS' MEETINGS

During the financial year four scheduled full agenda Board meetings and six restricted agenda Board meetings were held. The Board recognises the essential role of Committees in guiding the Company on specific issues. Committees address important corporate issues calling on senior management and external advisors prior to making a final decision or making a recommendation to the full Board.

There are two permanent Committees of the Board:

Personnel & Organisation Committee

Made up of a majority of Non-Executive Directors, the Personnel & Organisation Committee assists the Board in ensuring that appropriate policies are in place for people management and compensation across all our businesses worldwide. The Committee focuses on the importance of human capital to the Group's strategic and business planning.

Risk & Compliance Committee

The Risk & Compliance Committee is made up entirely of Non-Executive Directors and assists the Board by reviewing the risk management and compliance systems in all our businesses worldwide and by being assured that assets are protected against financial loss, legal and regulatory obligations are met, and proper accounting and auditing practices are maintained.

The table below shows attendances (including attendance by telecommunication) by Directors at Board and Committee meetings during the year.

Attendance at Meetings of Directors 1 July 2000 to 30 June 2001

Director	Board Meetings				Committee Meetings	
	Full Agenda Held ⁽¹⁾	Attended	Restricted Agenda Held ⁽¹⁾	Attended	Held ⁽¹⁾	Attended
A Aiello	4	4	6	5	1	1
E D Cameron	4	3	6	5	6	5
Y H Chua	4	4	6	5	7	7
J K Conway	4	4	6	6	8	8
G G Edington	4	4	6	5	4	4
P C Goldmark	4	4	6	4	5	5
D J Grady	4	4	6	5	8	8
D H Higgins	4	4	6	6	8	8
S G Hornery ⁽²⁾	2	2	0	0	3	3
R A Longes	4	4	6	5	5	5
R G Mueller	4	4	6	5	7	7
R E Tsenin	4	4	6	6	4	4

(1) Reflects the number of meetings held during the time the Director held office during the year.

(2) S G Hornery resigned his directorship on 2 November 2000.

In addition, matters were dealt with by Circular Resolution:

- on 3 occasions by the Full Board; and
- on 106 occasions by a Committee of Directors.

Directors' Report continued

DIRECTORS continued

INTEREST IN CAPITAL

The interest of each of the Directors in the issued shares of the Company at 31 August 2001 (17 August 2000) is set out below.

Director	Shares	Shares	Shares	Shares	Shares	Shares
	Held Directly 2001	Held Beneficially/ Indirectly 2001	Held Under Employee Share Plans 2001 ⁽¹⁾	Held Directly 2000	Held Beneficially/ Indirectly 2000	Held Under Employee Share Plans 2000 ⁽¹⁾
A Aiello	2,000			2,000		65,814
E D Cameron	15,592			15,211		
Y H Chua	9,031			6,712		
J K Conway	9,436			6,026		
D A Crawford ⁽²⁾	2,000			N/A		
G G Edington	15,000			15,000		
P C Goldmark	2,000			2,000		
D J Grady	7,593			12,337		
D H Higgins	1,036		81,841	2,000		81,841
S G Hornery ⁽³⁾	N/A			131,969		
R A Longes	9,474	32,903		8,755	50,012	
R G Mueller	5,000			6,000		
R E Tsenin	2,000		1,500	2,000		1,500

(1) Includes shares beneficially held by Executive Directors in the Australian Employee Share Plan.

(2) Mr Crawford was appointed to the Board on 19 July 2001.

(3) Mr Hornery retired as Chairman and Director on 2 November 2000.

INTEREST IN REGISTERED SCHEMES

The interest of each of the Directors in the registered schemes of the Lend Lease Group at 31 August 2001 is set out below.

Director	Registered Scheme	Direct Interest		Beneficial/ Indirect Interest	
		No. of Units 2001	Value \$ 2001	No. of Units 2001	Value \$ 2001
Y H Chua	General Property Trust	2,139	5,946		
R A Longes	General Property Trust			2,405	6,686

PRINCIPAL ACTIVITIES

The principal activities of Lend Lease during the financial year were:

- Real estate project management, project design and construction management.
- All aspects of property development from concept through to design, planning, construction, financing, leasing and eventual sale.
- Management of real estate investment funds, limited partnerships and trusts on behalf of clients (including acquiring, managing and selling investments), co-investment in funds or real estate assets, portfolio management, originating and servicing of commercial mortgages, resolution of sub-performing and non-performing commercial mortgages, shopping centre leasing, management and redevelopment and acting as financial advisor and arranger of project finance and related services.
- Investment in companies where strategic business rationales exist and where a mutually beneficial business relationship with these companies can be developed.
- Group Treasury and corporate administration services.

REVIEW AND RESULTS OF OPERATIONS

The Directors report that in the year to 30 June 2001, Lend Lease earned an operating profit after tax of \$151.4 million, a decrease of 65% on the previous year's profit of \$432.2 million.

A review of operations is included in Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) section of the Financial Report which accompanies this Directors' Report.

Directors' Report continued

DIVIDENDS

The 2000 final dividend of \$163.9 million (32 cents per share) referred to in the Directors' Report dated 17 August 2000 was paid on 14 September 2000.

Details of dividends in respect of the current year are as follows:

	\$m
Interim dividend of 13 cents per share paid on 14 March 2001	55.8
Dividend component of share buyback	1,138.5
Final dividend of 8 cents per share declared by Directors to be paid on 13 September 2001	34.5
	1,228.8

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of Lend Lease during the year were as follows:

- On 2 October 2000, following approval at a general meeting of shareholders on 18 August 2000, Lend Lease Corporation completed an off-market share buyback at a price of \$19.88 per share, which included two components: contributed equity of \$7.00 and a fully franked dividend of \$12.88. The Company bought back 88.3 million shares for a total cost of \$1,757.2 million, of which \$618.7 million was funded from contributed equity and \$1,138.5 million from retained profits. Primarily as a result of this, total equity has decreased from \$5,306.6 million at 30 June 2000 to \$3,667.4 million at 30 June 2001.

ENVIRONMENTAL REGULATION

Lend Lease is subject to a variety of general environmental regulations, particularly in respect of its real estate development, project management and real estate asset management businesses in Australia and overseas. These general regulations relate typically to noise and dust control, solid waste management and discharges to waste water systems.

As part of its operational procedures, Lend Lease has, for a number of years, required each of its businesses to have an integrated Environment Management System. This system, as a minimum, has as its goal to ensure compliance with applicable regulations and legislation.

As part of Lend Lease's Environment Management System, we develop specific management plans for environmentally sensitive activities. Examples of these plans are:

- The environmental plan for the Ayers Rock Resort upgrade incorporated the management requirements under the Environmental Protection and Biodiversity Conservation Act 1999 (EPBC Act). The management plan sets obligations for energy and water conservation, waste avoidance and management and protection of the site's significant natural and cultural environments.
- The environment management plan for the Australian Bureau of Statistics in Canberra included energy life cycle modelling to ensure that the tenant's (Commonwealth Government) energy reduction targets were achieved. The result was accurate information on future energy usage, reduced capital cost, operating cost, energy consumption and greenhouse gas emissions.

- The environmental plan for the Binary Centre in Sydney (development adjoining the Lane Cove National Park) involved the development of a network of environmental controls to protect the National Park's fragile ecology. The measures included noise and dust control and water filtration. As part of the construction process, a bush regeneration and weed eradication program was completed.
- Lend Lease's Real Estate Investment business in the US is working with the United States Environmental Protection Agency in improving the energy performance of our clients' commercial real estate portfolios. The goal is a significant reduction in air pollution, greenhouse gas emissions and operating costs.

The Risk & Compliance Committee receives reports on a quarterly basis as to any significant environmental risks and non-conformance with Lend Lease's environmental health and safety policy.

The Directors have caused enquiries to be made with respect to compliance with applicable environmental regulations during the reporting period. Based on the result of these enquiries no significant non-compliance issues have been brought to the attention of the Directors.

Lend Lease has a 50% interest in Australian Water Services (AWS) (operator of the water treatment plant at Prospect). An exemption from the Protection of the Environment Operations Act (NSW) has been granted by the Environment Protection Authority while a new supernatant filtration system is constructed. This exemption is in place until May 2002, which will coincide with the completion of the supernatant filtration system.

EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of Lend Lease, the results of those operations or the state of affairs of Lend Lease in subsequent financial years, except for the following:

Acquisition of Delfin Limited

On 31 July 2001, the NSW Supreme Court ratified the approval of a Scheme of Arrangement to be put to shareholders of Delfin Limited for Lend Lease Corporation Limited to acquire 100% of Delfin shares. The acquisition was granted clearance by the ACCC and FIRB and all other conditions attaching to the Scheme of Arrangement were met.

Directors' Report continued

EVENTS SUBSEQUENT TO BALANCE DATE continued

Acquisition of Delfin Limited continued

On 10 August 2001 Lend Lease completed the acquisition of Delfin Limited through the purchase of 100% of the issued voting shares for a consideration of \$171.8 million.

LIKELY DEVELOPMENTS

Details of likely developments in the operations of Lend Lease in subsequent financial years are contained in the Reports from the Chairman and Managing Director.

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION

COMPENSATION POLICY AND LONG TERM INCENTIVES

Compensation policy for Lend Lease is determined by the Personnel & Organisation Committee (P&O Committee) of the Lend Lease Corporation Board. Our policy is to reward senior executives with market competitive compensation and benefits, taking account of both Company and individual performance. With some 80% of Lend Lease operations located outside of Australia, our compensation policy has been designed to ensure that rewards to senior executives are consistent with international standards. In assessing these standards, Lend Lease has taken a significant amount of expert advice and has carefully considered international comparators in the real estate sector.

Lend Lease's approach to executive compensation is to provide a balance of fixed and performance-based cash elements with an emphasis on increasing 'at risk' compensation for senior executives and Board members. Outlined below are the elements and the philosophy behind them.

Compensation paid by Lend Lease has been designed to be appropriate and competitive in each of its business locations having regard to local practice on such issues as long term incentives, pension/superannuation and other benefits. Lend Lease also recognises the need to take account of differing costs of living, especially in relation to expatriates and this is reflected in compensation for expatriate senior executives in various locations.

BASE SALARY

Salaries are set at competitive levels, targeted at median against comparable companies, with annual reviews to reflect market conditions and personal performance. For guidance, the P&O Committee and Business Unit Executive Committees use information available in published job-matched surveys of similar companies. As appropriate, they also commission surveys to supplement the published information.

The salaries of the Managing Director, the Executive Directors and the divisional/regional CEO's are set by the P&O Committee. They are determined in July of each year. In the cases of the Executive Directors and divisional/regional CEO's, the Committee is assisted in this review by the Managing Director and the Group Senior Executive – Human Resources.

SUPERANNUATION/PENSION PLANS

Pension plan arrangements are in place in most international locations. Senior executives (and other employees) join either a defined benefit or a defined contribution plan. Expatriates usually remain members of their home country fund.

OTHER BENEFITS

Other benefits for senior executives (and other employees) may include subscriptions of up to 5% of base salary to their employee share plans and participation in the annual profit share scheme under which Lend Lease employees receive an equal share of an amount equal to 5% of the Company's pre-tax profit over the preceding 12 months. Participation in these benefits is dependent on the country in which the senior executives are located. For senior executives located away from their home country, expatriate benefits such as accommodation allowances may be provided.

SHORT TERM INCENTIVE PLAN

Annual bonus payments are based upon actual achievement against challenging corporate and individual performance targets approved by the P&O or Business Unit Committees. Although the performance criteria are different for each executive, the principles are similar and involve assessment of performance across four areas:

- Financial – achievement of profit, earnings per share, total shareholder return and other relevant financial targets;
- Strategic Growth – achievement of strategic and business development objectives;
- Operational Effectiveness – improvements in operational performance and internal efficiency; and
- Leadership, Organisation & People – contribution to the enhancement of Lend Lease's skills and reputation, with a focus on the retention and development of employees.

If the full target bonus is earned, annual compensation will normally reach the upper quartile of the relevant employment market.

Annual bonuses may be awarded in a number of ways:

1. **Cash** – this is the predominant method of delivery for senior executives.
2. **Shares issued under Lend Lease Employee Share Plans (ESP)** – ESP entitlements may be awarded to senior executives as part of their annual performance bonus on the basis of either 100% immediate vesting or 50% maturing at the time of award and the balance maturing over three to five years (subject to the senior executive remaining employed by the Group). ESP arrangements operate in Australia, Asia, the UK and the US.
3. **Global Reward Program** – Allocations under the Global Reward Program progressively 'mature' over three to five years (subject to the senior executive remaining employed by the Group). On cessation of employment, a cash amount referable to the price of Lend Lease shares at that time is paid according to allocations then matured.

LONG TERM INCENTIVE PLAN

Lend Lease's current Long Term Incentive Program (LTIP) was introduced and approved by the Board in 1999 and has been updated and extended in 2001. The objectives of the LTIP are essentially twofold:

- Aligning senior executives with the long term interests of Lend Lease and its shareholders; and

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

LONG TERM INCENTIVE PLAN continued

- Attracting and retaining senior executives of high calibre by providing competitive rewards which relate to the performance of both the individual executive and the Lend Lease share price.

The LTIP is in the form of a dollar figure 'grant' which is notionally 'invested' over time to deliver value depending on:

- Whether the executive remains with the Company – if the executive resigns before vesting, the grant will lapse;
- Whether performance hurdles are achieved over the Plan period – if the hurdles are not achieved, the grant will lapse; and
- The performance of the Lend Lease share price – the value of the grant on maturity will be determined by the rise or fall in the Lend Lease share price since the date of the grant.

The LTIP is a cash scheme with payments made upon maturation, which will occur three to five years after the date of grant if performance hurdles are met. The components of the LTIP and further conditions which apply to it are outlined below.

LTIP PERFORMANCE HURDLES

Performance hurdles will vary depending on the Company's objectives from time to time. For this year's grant, the performance hurdle compares Lend Lease's total shareholder return against the returns of other companies. Unless Lend Lease's total shareholder return (including share price performance and dividends) equals or exceeds the median value of the Total Shareholder Return (TSR) of the S&P All Industrial Accumulation Index (Index) for the same period, the award will lapse without any payment to the executive. However, this will vary, depending not only on the Company's share price (see below), but also on the amount by which the TSR performance exceeds the median. At the median TSR performance, the executive will receive only 75% of the value of their award. This will rise to 150% if TSR performance is in the top 10% of all companies on the Index. Achievement of these hurdles will be measured in the period from three to five years after the date of the grant.

Executives who do not participate in the Lend Lease Corporation LTIP may participate in other LTI Programs using business unit measures as hurdles based on potential growth within the business unit.

CASH BENEFIT REFERABLE TO SHARE PRICE

Under the LTIP, a senior executive's initial dollar 'grant' may be allocated (at the option of the senior executive) between:

- Performance Shares (PSs) – the value of these will rise or fall with the value of Lend Lease shares; and
- Share Appreciation Rights (SARs) – these are only payable if the price of Lend Lease shares at the date of maturity is higher than at the date of grant. The senior executive will receive nothing in respect of these if the share price is lower than the price at the date of grant.

For the purposes of the allocation, a PS will be attributed a value equivalent to the Lend Lease share price at or about the date of the allocation, while an SAR will be valued at one third of this value. This reflects the fact that SARs carry a greater risk profile.

LTI Example

The operation of the plan (and its links to performance) may be illustrated by reference to allocations made in 2000. In that year, a grant of A\$1,000,000 was made to the Managing Director. This was notionally divided at the date of grant into A\$750,000 of share equivalents (PSs) and A\$250,000 of option equivalents (SARs), based on the then share price of A\$20.00. Based on a share price of A\$12.55 (as at 30 June 2001) the existing value of the PSs has dropped to approximately A\$470,000. The SARs will be worth nothing unless the share price exceeds A\$20.00. This means that the value of the A\$1,000,000 grant is currently around A\$470,000, even before taking into account the performance hurdle requirement. As indicated above, if Lend Lease fails to outperform the index over the three to five year period from 2000, the value of the award will be nil.

LTI Details

Details of LTI grants allocated in the year to 30 June 2001 to each of the current Executive Directors of Lend Lease and to those senior executives who receive LTIs are set out in the table below:

Name	LTI Grant 2001
Executive Directors	
David Higgins (Managing Director)	A\$2,875,000 ⁽¹⁾
Robert Tsenin (Finance Director)	GBP1,068,000 ⁽²⁾
Senior Executives	
Luther Cochran (US)	USD600,000
Ross Taylor (UK)	A\$450,000
Ray D'Ardenne (US)	USD400,000

(1) Of this, A\$1,000,000 was granted on the basis that the award will lapse without any payment unless Lend Lease Total Shareholder Return (TSR) for the period of the award is equal to or exceeds the upper quartile value of the TSR of the S&P All Industrial Accumulation Index, for the same period.

(2) Mr Tsenin's LTI Grant was allocated as a single grant opportunity under a fixed term contract. This grant (awarded on April 2001) was designed as an incentive for Mr Tsenin to remain with the Company for a further three years.

Previous LTI Program

As set out in prior reports, a previous LTI program was established in 1996 with the primary purpose of rewarding and keeping the leadership team in place over a period of five years. An allocation of 75,000 Global Rewards made to D H Higgins in 1996 matured under this program in 2001, having a value of A\$1,882,500 on maturity (based on the 30 June 2001 share price of A\$12.55). Mr Higgins will be paid this allocation upon cessation of employment, referable to its value at that time. Mr R E Tsenin and Mr M S Banks have outstanding allocations under this program equivalent to the value of 100,000 Lend Lease shares each (allocated 3 February 1997 and 28 June 1996 respectively). If these allocations mature, they are payable upon cessation of employment. The value of these allocations will be referable to the price of Lend Lease shares at that time.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

SALARY, SHORT TERM INCENTIVES AND OTHER BENEFITS

Details of the compensation of each executive director in office at 30 June 2001 and of the five most highly compensated senior executives employed by the Group at 30 June 2001 are shown below:

	Year	Salary A\$ (1)	Other Benefits A\$ (2)	Performance Related Cash Bonus A\$	Total Current Year Compensation A\$ (3)	Other Items In Respect of Previous Years A\$ (4)	Total A\$
EXECUTIVE DIRECTORS							
D H Higgins (Managing Director) ⁽⁵⁾	2001	1,207,830	675,098	Nil	1,882,928	261,266	2,144,194
	2000	1,152,003	665,224	2,500,000	4,317,227	497,016	4,814,243
R E Tsenin (Finance Director) ⁽⁶⁾	2001	997,000	2,253,606	Nil	3,250,606	147,688	3,398,294
	2000	807,832	510,488	1,500,000	2,818,320	269,770	3,088,090
A Aiello (Executive Director & Chief Information Officer) ⁽⁷⁾	2001	1,116,822	21,723	487,850	1,626,395	233,355	1,859,750
	2000	825,317	1,139,637	456,731	2,421,685	261,261	2,682,946
SENIOR EXECUTIVES							
R Taylor⁽⁸⁾	2001	1,115,322	464,708	480,000	2,060,030	88,841	2,148,871
	2000	530,334	326,165	600,000	1,456,499	178,141	1,634,640
L Cochrane⁽⁹⁾	2001	1,128,648	239,908	728,972	2,097,528	Nil	2,097,528
	2000	640,522	59,884	1,560,897	2,261,303	Nil	2,261,303
M Banks⁽¹⁰⁾	2001	1,052,585	569,796	Nil	1,622,381	176,236	1,798,617
	2000	877,154	387,652	438,750	1,703,556	584,684	2,288,240
J Quille⁽¹¹⁾	2001	516,539	477,677	560,748	1,554,964	40,635	1,595,599
	2000	421,202	214,423	765,306	1,400,931	148,028	1,548,959
R D'Ardenne⁽¹²⁾	2001	567,290	104,537	592,972	1,264,799	71,074	1,335,873
	2000	437,411	82,129	480,796	1,000,336	173,324	1,173,660

(1) 'Salary' for international assignees includes components for tax equalisation costs, cost of living and other international assignee allowances.

(2) 'Other Benefits' includes Company contributions made to Superannuation/pension funds, housing and other allowances for international assignees, and other minor benefits. For Australian-based Directors and executives, the cost to Lend Lease of Superannuation is nil as Company contributions are not payable at present due to the surplus of assets over accrued benefits held by the Lend Lease Superannuation Fund. The amount included is the notional amount of the contribution made on behalf of the individual.

(3) Relates to the total compensation earned in respect of the year.

(4) Relates to the value of ESP/Global Reward allocations made in previous periods in respect of short term incentives that 'matured' during the year. The value is based on the Lend Lease share price of \$12.55 as at 30 June 2001. Shares held in ESPs are subject to the rules of the plans and in some cases other contingent events.

(5) Mr Higgins is based in the UK and is paid in GBPs. 'Other Benefits' includes health insurance, motor vehicle and housing allowances in respect of service in the UK (which are paid in GBPs). Total compensation does not include the amount of A\$1,882,500 in respect of long term incentives granted in 1996 that matured during the year (discussed above under LTI details).

(6) Mr Tsenin is based in the UK and is paid in GBPs. 'Other Benefits' includes health insurance, motor vehicle and housing allowances in respect of service in the UK (which are paid in GBPs). 'Other Benefits' also includes an amount of GBP679,000 (A\$1,850,136) (before tax) paid in respect of contractual entitlements to housing allowances. This amount, paid as a lump sum, extinguished Lend Lease's obligation to provide housing allowances over the next three years effective from April 2001. The amount was based upon market rent levels for appropriate accommodation in London.

(7) Mr Aiello is based in the US with compensation paid in USDs. 'Performance Related Cash Bonus' paid in 2001 was in respect of the year ended 31 December 2000. 'Other Benefits' for 2000 included amounts paid for the provision of a motor vehicle and accommodation when in Australia and the final amount of USD642,000 paid under Mr Aiello's employment contract (referable to amounts foregone upon leaving his previous employer).

(8) Mr Taylor is based in the UK and is paid in GBPs. The increase in 'Salary' and 'Other Benefits' in 2001 mainly reflects Mr Taylor being based in Australia for most of the year to 30 June 2000.

(9) Mr Cochrane joined the Lend Lease Group through its acquisition of the Bovis Group in October 1999 and is based in the US with compensation paid in USDs. Cash bonuses paid in 2000 included a performance bonus of A\$1,000,000 paid on 1 March 2000 for the year ended 31 December 1999 as part of the previous annual performance bonus process within the Bovis Group.

(10) Mr Banks was based in the US with compensation paid in USDs. 'Other Benefits' includes amounts paid for the provision of motor vehicle and housing allowances under Lend Lease's international assignee conditions.

(11) Mr Quille is based in the UK and is paid in GBPs.

(12) Mr D'Ardenne is based in the US and is paid in USDs.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

SALARY, SHORT TERM INCENTIVES AND OTHER BENEFITS continued

Non Continuing Senior Executives

Mr D C Clarke ceased employment with the Lend Lease Group on 7 July 2000. Mr Clarke was previously the Chief Executive of MLC and an Executive Director of Lend Lease and was based in Australia. Mr Clarke received the following amounts in respect of the year ended 30 June 2001: A\$12,310 in salary during the year; A\$5,261,165 in accrued entitlements, including superannuation and units previously granted under ESPs and Global Rewards; and A\$1,927,100 in respect of amounts paid on termination.

Mr P Walichnowski ceased employment with the Lend Lease Group on 31 August 2000. Mr Walichnowski was based in the UK with compensation paid in GBPs. Mr Walichnowski received the following amounts in respect of the year ended 30 June 2001: GBP94,682 (A\$257,988) in salary during the year; A\$5,460,635 in accrued entitlements, including superannuation and units previously granted under ESPs; and A\$164,643 in termination payments.

Ms S Pressler ceased employment with the Lend Lease Group on 31 March 2001. Ms Pressler was based in the US with compensation paid in USDs. Ms Pressler received the following amounts in respect of the year ended 30 June 2001: USD2,007,911 in salary and benefits; USD1,584,300 in accrued entitlements, including those previously granted under ESPs; and USD906,799 in respect of contractual payments. Ms Pressler's compensation payments were in accordance with Lend Lease's contractual arrangements with Ms Pressler entered into at the time of Ms Pressler commencing employment with the Group in March 2000. Under these arrangements Ms Pressler will also receive a payment of USD1,585,000 (subject to certain conditions being met) in each of July 2002 and July 2003.

NON-EXECUTIVE DIRECTORS

Compensation Policy

Beginning in January 2001 Directors' fees have been set at USD50,000 per annum as approved by shareholders at the 2000 Annual General Meeting. These fees cover all Board duties, including one overseas meeting of a week's duration, and service on at least one Board Committee. They have been set in line with international benchmarks for a company of Lend Lease's size. The Chairman's fees are four times the standard Directors' fees and the Deputy Chairman's two times. Chairmen of Board Committees receive an additional USD8,000 per annum.

In addition, Non-Executive Directors may devote additional time to key business and strategic issues including serving on associated company boards, ad hoc Board committees and other duties performed at the request of the Chairman and Managing Director where an individual Non-Executive Director has specific skills to contribute. This additional time is compensated at USD2,000 per day and the time committed varies significantly from Director to Director in accordance with the needs of the Company, individual Director's expertise and the Director's availability.

These compensation arrangements replaced those in operation during 1 July to 31 December 2000, which paid Directors at the rate of A\$70,000 per annum and additional time at A\$3,000 per day. Under these arrangements there was an expectation that each Director would devote from 30 to 50 days a year in additional time for the Company. Overseas Directors could elect at the time of joining the Board whether they wanted to be paid in Australian dollars or the currency of their home country. Thus the table which appears below reflects compensation under the two different arrangements, the arrangements in effect from January 2001 increasing base Board compensation to international standards while significantly reducing Directors' additional earnings.

In order to allow Directors to receive some of their annual compensation in shares rather than cash, and thus increase their alignment with the interests of shareholders, a revised Non-Executive Directors' Share Ownership Plan was approved at the 2000 Annual General Meeting. This plan allows Directors to acquire Lend Lease shares by foregoing an equivalent amount of Directors' fees to an amount equal to the value of the shares acquired. A majority of Directors have participated in this plan. Subscriptions are made at the same price, at the same time and otherwise on the same terms as the Share Purchase Plan available to Australian and New Zealand registered shareholders and only while the Share Purchase Plan is operative. A Director is restricted from dealing with these shares until retirement. However, a Director may deal with shares at an earlier time to the extent necessary to meet an earlier tax liability in respect of the shares.

Retirement Plan

As explained when the current retirement plan for Directors was approved at the 2000 Annual General Meeting, the current plan is designed to provide for retirement benefits for Directors which are based only on fees for Board service, and are accrued in Lend Lease shares so that the benefit derived fluctuates in line with the value of Lend Lease shares. An additional purpose for this change was to place a limit on the rate of accumulation of Directors' prospective retirement benefits. Thus in this report accruals under two different plans are reported, the current one being designed to align Directors' earnings with the interest of shareholders. Under the current plan, the Company will issue to, or acquire for, or for the benefit of, each Non-Executive Director a number of Lend Lease shares which is equal in value to 0.2 times the Director's fees (being fees for attending and chairing Board and Board Committee meetings), but not additional fees.

Allocations are made in arrears on 1 January each year. The first allocation will be made on 1 January 2002. For this purpose, the value of the shares on acquisition will be the weighted average price of Lend Lease shares traded on the Australian Stock Exchange during the five business days prior to 1 January each year. The shares will be accessible only on retirement. Directors will be exposed to share price risk until this time. However, shares can be sold at an earlier time to the extent necessary to meet an earlier tax liability in respect of the shares.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION⁽¹⁾ continued

NON-EXECUTIVE DIRECTORS continued

Compensation Amounts

The following table sets out the compensation received and benefits accrued under the current retirement plan by Non-Executive Directors for the year ended 30 June 2001. For the purpose of comparison, amounts shown for the 2000 financial year have been restated in US dollars.

	Year	Directors' Fees USD ⁽¹⁾	Representation on Associated Company Boards USD ⁽²⁾	Additional Board Duties USD ⁽³⁾	Other Benefits USD ⁽⁴⁾	Retirement Benefits USD ⁽⁵⁾	Total Compensation USD
J K Conway ⁽⁶⁾	2001	143,742	44,933	58,563	4,503	20,000	271,741
Chairman	2000	65,520	149,809		5,360		220,689
S G Hornery ⁽⁷⁾	2001 (4 months)	51,644			56,160		107,804
Retired Chairman	2000	174,720			77,574		252,294
R A Longes	2001	78,508	90,911	5,999	5,362	10,000	190,780
Deputy Chairman	2000	54,600	123,927		18,188		196,715
E D Cameron	2001	48,005	82,540			5,800	136,345
	2000	43,680	136,656		19,824		200,160
Y H Chua	2001	53,005	70,168		2,662	5,000	130,835
	2000	43,680	127,296		5,439		176,415
G G Edington ⁽⁸⁾	2001	56,005	10,756	25,000	4,001	5,000	100,762
	2000 (7 months)	25,480	44,039		4,030		73,549
P C Goldmark ⁽⁸⁾	2001	60,005	11,811		4,326	5,800	81,942
	2000 (7 months)	25,480	15,827		2,692		43,999
D J Grady	2001	44,005	29,919	23,032	4,503	5,000	106,459
	2000	43,680	85,176	28,080	20,561		177,497
R G Mueller	2001	56,005	73,394		3,345	5,000	137,744
	2000	43,680	110,783		5,592		160,055

(1) Includes fees for attending, chairing and travelling to Board and Board Committee meetings. Also includes shares allotted at market value pursuant to the revised Non-Executive Directors' Share Ownership Plan approved by shareholders at the 2000 Annual General Meeting.

(2) 'Representation on Associated Company Boards' includes attending, chairing and travelling to Associated Company Board and Committee meetings.

(3) 'Additional Board Duties' includes other services requested by the Chairman and Managing Director where a Non-Executive Director has particular skills to contribute.

(4) 'Other Benefits' includes compulsory superannuation contributions (maximum per individual Director USD4,503 (2000: USD4,410), the provision of a motor vehicle to S G Hornery and other minor fringe benefits (including fringe benefits tax).

(5) 'Retirement Benefits' is the amount accrued under the current retirement plan for the period 1 January to 30 June 2001 for shares to be allotted on 1 January 2002.

(6) Amounts included under 'Additional Board Duties' relate to the period prior to Mrs Conway's appointment as Chairman.

(7) Mr Hornery retired as Chairman and a Director on 2 November 2000.

(8) Mr Edington and Mr Goldmark were appointed as Directors on 1 December 1999.

RETIREMENT PLAN CHANGEOVER ARRANGEMENTS

A defined benefit Retirement Benefit Plan ('previous plan') was approved by shareholders at the 1990 Annual General Meeting. Changeover arrangements which were advised to shareholders at the 2000 Annual General Meeting have been effected to transition from the previous plan to the current plan for Directors who were on the Board on 31 December 2000. Under these arrangements, retiring Non-Executive Directors will receive a multiple applied to the average of their annual emoluments (i.e. Directors' fees and fees for additional Board duties) over the previous three years. The multiple is 0.6 for each of the first five years of service as a Non-Executive Director and 0.2 for each year over five years to 15 years. This multiple for each Director was frozen at the multiple which would have applied if the Director had retired on 31 December 2000.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

NON-EXECUTIVE DIRECTORS continued

Retirement Plan Changeover Arrangements continued

The following table sets out the accrued retirement benefits under the previous plan as at 30 June 2001 (based on the multiple being frozen on 31 December 2000):

Director ^{(2) (3)}	Years of Service at 31 December 2000 Years ⁽¹⁾	Accrued Retirement Benefit at 30 June 2001 USD
J K Conway	9	790,083
E D Cameron	12	613,728
Y H Chua	6	416,333
G G Edington	1	30,207
P C Goldmark	1	21,427
D J Grady	7	395,645
R G Mueller	5	376,751

(1) Relates to years of service as a Non-Executive Director only.

(2) Mr Hornery received a benefit of A\$992,435 (USD538,892) on his retirement on 2 November 2000.

(3) Mr Longes does not participate in the previous plan.

Directors appointed since 1 January 2001 will not be eligible to participate in the previous plan.

SHARE OPTIONS

No share options were issued during the year by the Company or any of its controlled entities, and there are no such options on issue.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company's Constitution provides for indemnification in favour of each of the Directors named on pages 77 to 78 of this Report; the Company Secretaries, Mr P W Crewes and Ms S J Sharpe; and executive officers of the Company or of wholly owned subsidiaries of the Company to the extent permitted by the Corporations Act 2001.

For related entities, the indemnification is provided by approval of a committee of Directors. For unrelated entities in which Lend Lease has an interest, deeds of indemnity are entered into between Lend Lease Corporation and the Director or officer. Since 1 July 2000 the Company has entered into separate deeds of indemnity with the following Directors in relation to unrelated entities named:

- R A Longes Fox Studios Australia Pty Limited
 FSAM Pty Limited
 FSAT Pty Limited
 FSB Pty Limited
 FSLV Pty Limited
- R G Mueller Chelverton Properties Limited
- R E Tsenin THI plc

In accordance with the Corporations Act 2001, the Constitution also permits the Company to purchase and maintain insurance or pay or agree to pay a premium for insurance against any liability incurred by a person as a Director or former Director of the Company or a related body corporate. This may include a liability for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome. During the year Lend Lease paid insurance premiums of A\$1,218,857 in respect of its Directors' and Officers' liability policies.

Directors' Report continued

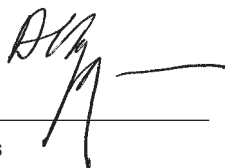
ROUNDING OFF

Lend Lease Corporation Limited is a Company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and, in accordance with that class order, amounts in the financial statements and this report have been rounded off to the nearest tenth of a million dollars, or where the amount is A\$50,000 or less, zero, unless specifically stated to be otherwise.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.
Sydney, 31 August 2001.



J K Conway
Chairman



D H Higgins
Managing Director

Concise Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

Year ended 30 June 2001

		Consolidated	
	Notes	June 2001 \$m	June 2000 \$m
PROFIT AND LOSS STATEMENT			
REVENUE FROM ORDINARY ACTIVITIES			
Revenue from the sale of development properties ⁽¹⁾	2	568.9	1,259.3
Revenue from the provision of services	2	9,996.8	7,515.1
Statutory Funds revenue	2		3,585.6
Other revenues from ordinary activities	2	888.1	636.8
Total revenue from ordinary activities		11,453.8	12,996.8
EXPENSES FROM ORDINARY ACTIVITIES			
Cost of development properties sold ⁽¹⁾		(468.5)	(1,087.8)
Project and construction management costs		(8,617.0)	(6,113.2)
Employee expenses		(921.5)	(621.3)
IT related expenses		(60.5)	(79.5)
Occupancy expenses		(109.8)	(83.6)
Professional fees		(104.6)	(81.7)
Statutory Funds expenses			(3,204.5)
Cost of investments sold		(144.7)	(169.5)
Net provisions raised		(277.7)	(251.9)
Other expenses		(293.2)	(336.8)
Total expenses from ordinary activities		(10,997.5)	(12,029.8)
Share of net profit of associates accounted for using the equity method		0.4	13.1
Share of net (loss)/profit of joint ventures using the equity method		(3.4)	3.7
Earnings before interest expense, tax, depreciation and amortisation		453.3	983.8
Depreciation on property, plant and equipment and leasehold improvements		(36.0)	(29.4)
Amortisation of management agreements		(19.7)	(12.4)
Amortisation of goodwill		(65.5)	(40.1)
Amortisation of other intangibles		(7.0)	(3.2)
Borrowing costs		(84.6)	(142.5)
Profit before tax from ordinary activities		240.5	756.2
Income tax expense relating to ordinary activities		(83.0)	(316.0)
Profit after tax from ordinary activities		157.5	440.2
Ordinary profit after tax attributable to outside equity interests		(6.1)	(8.0)
Profit after tax attributable to members of Lend Lease Corporation Limited		151.4	432.2
Extraordinary items after income tax			3,112.3
Net profit attributable to members of Lend Lease Corporation Limited		151.4	3,544.5
(1) Revenue from the sale of development properties		568.9	1,259.3
Cost of development properties sold		(468.5)	(1,087.8)
Gross profit from the sale of development properties		100.4	171.5

Concise Financial Statements continued

STATEMENT OF FINANCIAL PERFORMANCE continued

Year ended 30 June 2001

	Notes	Consolidated		
		June 2001 \$m	June 2000 \$m	
EQUITY STATEMENT				
Equity at the beginning of the financial year		5,306.6	3,468.8	
Movements comprise:				
Movements in contributed equity		(576.3)	80.1	
Dividends paid or declared out of ordinary profits	4	(90.3)	(326.6)	
Dividends foregone pursuant to share election plan		7.4	31.4	
Share buyback dividend	4	(1,138.5)		
Adjustment to retained profits resulting from change in accounting policy for investments in joint ventures			(1.0)	
Adjustment to retained profits at the beginning of the financial year on initial adoption of AASB 1038 – Life Insurance Business			(456.0)	
Net profit attributable to members of Lend Lease Corporation Limited		151.4	3,544.5	
Other changes in equity				
Movement in Asset Revaluation Reserve			(1,053.7)	
Movement in Foreign Currency Translation Reserve		(4.7)	8.3	
Total revenues, expenses and valuation adjustments attributable to members of Lend Lease Corporation Limited		(1,651.0)	1,827.0	
Total changes in outside equity interests in controlled entities		11.8	10.8	
Total movement in equity for the financial year		(1,639.2)	1,837.8	
Equity at the end of the financial year		3,667.4	5,306.6	
Dividend payout ratio (excluding extraordinary item)	(%)	4	59.6	75.6
Dividend per share	(cents)	4	21.0	64.0
Basic earnings per share (excluding extraordinary item)	(cents)	4	33.7	85.0
Basic earnings per share (including extraordinary item)	(cents)	4	33.7	697.5

Concise Financial Statements continued

STATEMENT OF FINANCIAL POSITION

As at 30 June 2001

	Consolidated	
	June 2001 \$m	June 2000 \$m
CURRENT ASSETS		
Cash and cash equivalents	1,118.6	3,483.8
Receivables	2,509.1	1,991.9
Inventories	473.2	572.1
Other investments	118.9	201.8
Other assets	58.3	16.4
Total current assets	4,278.1	6,266.0
NON CURRENT ASSETS		
Receivables	65.5	248.8
Inventories	815.7	1,076.8
Equity accounted investments	106.2	171.8
Other investments	939.7	766.4
Future income tax benefit	535.8	331.1
Property, plant and equipment	147.4	130.1
Goodwill	1,122.5	1,026.1
Management agreements	963.8	860.3
Other intangibles	2.6	7.6
Other assets	149.5	56.9
Total non current assets	4,848.7	4,675.9
Total assets	9,126.8	10,941.9
CURRENT LIABILITIES		
Creditors	2,732.5	2,401.5
Borrowings	100.0	128.7
Current tax liabilities	102.0	621.0
Provisions	409.2	504.1
Other interest bearing liabilities	32.0	34.2
Other non interest bearing liabilities	259.0	110.1
Total current liabilities	3,634.7	3,799.6
NON CURRENT LIABILITIES		
Borrowings	980.8	916.8
Provisions	92.3	67.5
Provision for deferred income tax	228.2	154.3
Other interest bearing liabilities	315.1	326.6
Other non interest bearing liabilities	208.3	370.5
Total non current liabilities	1,824.7	1,835.7
Total liabilities	5,459.4	5,635.3
NET ASSETS	3,667.4	5,306.6
EQUITY		
Contributed equity	765.8	1,342.1
Reserves	112.4	117.1
Retained profits	2,749.9	3,819.9
Total parent equity interest	3,628.1	5,279.1
Outside equity interests in controlled entities	39.3	27.5
TOTAL EQUITY	3,667.4	5,306.6

Concise Financial Statements continued

STATEMENT OF CASH FLOWS

Year ended 30 June 2001

	Consolidated	
	June 2001 \$m	June 2000 \$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts in the course of operations	9,868.5	7,822.1
Cash payments in the course of operations	(9,773.8)	(8,286.6)
Property development receipts	817.7	1,254.2
Property development expenditure	(538.3)	(883.6)
Interest received	118.9	511.6
Dividends received	31.8	491.3
Distributions from partnerships received	18.5	20.1
Income tax paid in respect of operations	(162.9)	(243.1)
Interest paid	(93.0)	(127.8)
Premiums received		3,609.4
Policy payments		(3,855.0)
Net proceeds from sales and purchases of Statutory Funds investments		413.6
Net cash provided by operating activities	287.4	726.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/redemption of investments	117.0	218.6
Purchases of investments	(224.7)	(133.5)
(Loans to)/repayment of loans to associates/related parties	(13.6)	21.5
Proceeds from sale of controlled entities		4,596.7
Payment for acquisition of controlled entities	(46.9)	(1,688.9)
Proceeds from sale of property, plant and equipment	9.6	0.2
Purchases of property, plant and equipment	(45.5)	(45.4)
Income tax paid in respect of extraordinary profit on the sale of financial services businesses	(545.2)	
Net cash (used in)/provided by investing activities	(749.3)	2,969.2
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,124.4	3,839.7
Repayment of borrowings	(1,133.2)	(4,394.0)
Net proceeds from share issues	49.8	124.1
Payments for share buybacks ⁽¹⁾	(1,757.2)	(12.6)
Dividends paid	(219.7)	(319.0)
Net cash (used in) financing activities	(1,935.9)	(761.8)
OTHER CASH FLOW ITEMS		
Effect of exchange rate changes on cash and cash equivalents	32.6	17.1
Cash balances in controlled entities sold		(458.7)
Net increase/(decrease) from other items	32.6	(441.6)
Net (decrease)/increase in cash and cash equivalents	(2,365.2)	2,492.0
Cash and cash equivalents at beginning of financial year		
Attributable to Operating Businesses	3,483.8	620.7
Attributable to Statutory Funds		371.1
Cash and cash equivalents at beginning of financial year	3,483.8	991.8
Cash and cash equivalents at end of financial year	1,118.6	3,483.8

(1) Comprises both the capital component (\$618.7 million) and dividend component (\$1,138.5 million) of the off-market share buyback completed in October 2000.

The June 2000 Consolidated Statement of Cash Flows includes the cash flows of the Statutory Funds.

Notes to the Concise Financial Statements continued

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 'Concise Financial Reports' and Urgent Issues Group Consensus Views. The financial statements and specific disclosures have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It has been prepared under the historical cost convention and except where stated, does not take into account changing values or fair values of non-current assets. The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous financial year, except where otherwise noted.

BASIS OF CONSOLIDATION

The Lend Lease Group (Lend Lease) consolidation comprises all entities controlled by Lend Lease Corporation Limited.

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the Consolidated Financial Statements have been eliminated.

Outside interests in the equity and results of the entities that are controlled by Lend Lease are shown as a separate item in the Consolidated Financial Statements.

2. REVENUE

	Consolidated	
	2001	2000
	\$m	\$m
REVENUE FROM ORDINARY ACTIVITIES		
Sale of development properties	568.9	1,259.3
Revenue from the provision of services	9,996.8	7,515.1
Statutory Funds revenue		3,585.6
Other revenue from ordinary activities		
Dividends received	26.1	13.2
Rental income	69.8	73.1
Interest received	114.5	44.5
Proceeds on sale of investments	303.4	380.4
Unrealised gains on investments		55.7
Share of partnership result	32.7	21.3
Other revenue	99.1	48.6
Proceeds on sale of property development entities ⁽¹⁾	242.5	
Total other revenue from ordinary activities	888.1	636.8
Total revenue from ordinary activities	11,453.8	12,996.8

(1) Represents the disposal of Lend Lease's 50% joint venture interest in Aurora Place (88 Philip Street, Sydney).

Notes to the Concise Financial Statements continued

3. SEGMENT REPORTING

The segment results are discussed and analysed in the Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) included within this report. The extraordinary profit on the sale of the Financial Services businesses on 30 June 2000 is excluded from the comparative segment results.

BUSINESS SEGMENT SUMMARY

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m
Bovis Lend Lease	9,204.3	6,512.3	145.3	101.2	90.3	56.3	3,438.1	2,755.6
Property Development	873.2	1,299.9	36.9	22.8	30.9	11.3	1,642.8	2,049.2
Total Real Estate Solutions	10,077.5	7,812.2	182.2	124.0	121.2	67.6	5,080.9	4,804.8
Real Estate Investments	937.3	690.0	162.7	218.1	116.9	137.2	3,216.0	2,627.8
Total Core Real Estate	11,014.8	8,502.2	344.9	342.1	238.1	204.8	8,296.9	7,432.6
Non Core Businesses/ One-Off Items								
REI restructure costs			(51.7)		(30.3)			
Capital Services	76.9	62.1	(2.2)	13.3	(12.7)	14.4	33.8	105.3
IT+T and eBusiness Investments	11.8	87.0	(56.9)	59.6	(42.7)	38.1	83.6	132.3
Equity Investments	192.5	218.6	120.3	134.4	82.7	98.4	22.5	93.7
Total Non Core Business	281.2	367.7	9.5	207.3	(3.0)	150.9	139.9	331.3
Corporate								
Group Services	43.3	19.5	(71.8)	(82.5)	(35.2)	(50.3)		
Group Amortisation			(82.3)	(55.7)	(82.3)	(55.7)		
Group Treasury	114.5	44.5	40.2	(80.4)	33.8	(48.1)	690.0	3,178.0
Total Corporate	157.8	64.0	(113.9)	(218.6)	(83.7)	(154.1)	690.0	3,178.0
Total excluding Financial Services	11,453.8	8,933.9	240.5	330.8	151.4	201.6	9,126.8	10,941.9
Financial Services		4,062.9		425.4		230.6		
Total Operating	11,453.8	12,996.8	240.5	756.2	151.4	432.2	9,126.8	10,941.9

BUSINESS GEOGRAPHICAL SEGMENT SUMMARY

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m	June 2001 \$m	June 2000 \$m
Australia & Pacific	2,041.1	6,769.8	54.5	544.9	31.8	325.7	1,754.7	4,703.9
North America	6,032.8	3,439.6	101.2	153.2	82.6	94.6	4,497.2	3,626.3
Asia	406.3	383.7	13.6	20.0	5.4	10.4	437.9	370.5
Europe	2,859.1	2,359.2	113.3	174.2	80.1	105.3	2,437.0	2,241.2
Group Treasury	114.5	44.5	40.2	(80.4)	33.8	(48.1)		
Group Amortisation			(82.3)	(55.7)	(82.3)	(55.7)		
Total	11,453.8	12,996.8	240.5	756.2	151.4	432.2	9,126.8	10,941.9

All interest costs and revenues of the Lend Lease Group not directly relating to a specific project are reported under Corporate for the purposes of segment reporting.

Notes to the Concise Financial Statements continued

4. DIVIDENDS AND EARNINGS PER SHARE

DIVIDENDS

	Company	
	June 2001 \$m	June 2000 \$m
SHARE BUYBACK		
Dividend component of share buyback	1,138.5	
INTERIM DIVIDEND		
13¢ per share paid March 2001 (March 2000 32¢ per share)	55.8	162.7
FINAL DIVIDEND		
8¢ per share declared (June 2000 32¢ per share)	34.5	163.9
Dividends paid or declared	1,228.8	326.6

Dividends and Dividend Franking

The final dividend of 8 cents per share was paid on 13 September 2001 (prior year 14 September 2000). The dividend payout ratio of 59.6% (June 2000 75.6%) is calculated by dividing the dividends paid or declared in the year by the consolidated ordinary profit after tax attributable to members of Lend Lease Corporation (excluding extraordinary items).

The final dividend in relation to the previous financial year, paid on 14 September 2000, was franked to 100% with Class C (34%) franking credits. The interim dividend paid on 14 March 2001 (13 cents per share) was an unfranked dividend. The final dividend paid on 13 September 2001 was fully franked with Class C (30%) franking credits.

The dividend franking account balance at 30 June 2001 of \$9.7 million (calculated to reflect the 30% tax rate) (June 2000 \$968.0 million based on 34% tax rate) is calculated after adjusting for franking credits which will arise from receipt of accrued income and the payment of income tax provided in the accounts and after deducting franking credits used in the payment of the final dividend. The balance of the franking account has been calculated on a basis consistent with the Company's accounting policies.

As per the announcement on 17 August 2000, from the 2001 – 2002 year, Lend Lease Corporation will only pay fully franked dividends. The level of franking credits is dependent upon the level of tax paid in Australia.

	Consolidated	
	June 2001 \$m	June 2000 \$m
EARNINGS PER SHARE		
Ordinary profit after income tax attributable to members of Lend Lease Corporation Limited.	151.4	432.2
	Number	Number
	m	m
Weighted average shares and share equivalents	449.7	510.0
	Cents	Cents
Earnings per share (cents)⁽¹⁾		
Basic (excluding extraordinary item in June 2000)	33.7	85.0
Basic (including extraordinary item in June 2000)	33.7	697.5

(1) An adjustment factor of 1.00361 has been applied to prior year comparatives which is attributable to the bonus element for the prior year relating to the issue of shares at less than market price such as share election plan and ESAP share allocation and the off-market share buyback.

Diluted earnings per share has not been disclosed as there are no options or convertible securities on issue that could cause dilution.

Notes to the Concise Financial Statements continued

Directors' Declaration

5. EXTRAORDINARY ITEMS

	Consolidated	
	June 2001 \$m	June 2000 \$m
Proceeds from sale of Financial Services Businesses		4,596.7
<i>Less Cost of sale:</i>		
Investment in Financial Services Businesses		(898.2)
Restructure provision		(19.9)
Other selling costs		(33.9)
Profit from sale of Financial Services Businesses before income tax expense	-	3,644.7
Income tax expense		(532.4)
Profit from sale of Financial Services Businesses after income tax expense	-	3,112.3

6. EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2001, Lend Lease has acquired Delfin Limited, an urban community developer, through the purchase of 100% of the issued voting shares for a consideration of \$171.8 million on 10 August 2001.

The financial effects of the above transaction have not been brought to account in the financial statements for the year ended 30 June 2001.

DIRECTORS' DECLARATION

In the opinion of the directors of Lend Lease Corporation Limited the accompanying Concise Financial Report of the consolidated entity, comprising Lend Lease Corporation Limited and its controlled entities set out on pages 89 to 96:

- (a) Has been derived from and is consistent with the full financial report for the financial year; and
- (b) Complies with Accounting Standard AASB1039 'Concise Financial Reports'.

Sydney, 31 August 2001

Signed in accordance with a resolution of Directors:



J K Conway
Chairman



D H Higgins
Managing Director

Independent Auditors' Report



INDEPENDENT AUDIT REPORT ON CONCISE FINANCIAL REPORT TO THE MEMBERS OF LEND LEASE CORPORATION LIMITED

SCOPE

We have audited the concise financial report of Lend Lease Corporation Limited and its controlled entities for the financial year ended 30 June 2001, consisting of the statement of financial performance, statement of financial position, statement of cash flow, accompanying notes 1 to 6, and the accompanying discussion and analysis on the statement of financial performance, statement of financial position and statement of cash flows in order to express an opinion on it to the members of the company. The company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Lend Lease Corporation Limited and its controlled entities for the year ended 30 June 2001. Our audit report on the full financial report was signed on 16 August 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB 1039 "Concise Financial Reports" issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion the concise financial report of Lend Lease Corporation Limited and its controlled entities for the year ended 30 June 2001 complies with AASB 1039 "Concise Financial Reports".

KPMG

G R Wilson
Partner

G M Leppinus
Partner

Sydney
31 August 2001

Lend Lease Foundation

Established in 1983, Lend Lease Foundation runs programs and events that help Lend Lease employees to realise their potential – both as individuals and employees. Our programs are targeted to facilitate the development of all our employees as well rounded team players who understand their businesses, the communities in which they live and work, and how to bring out the best in themselves as individuals and as family members.

Lend Lease Foundation is one of the factors that makes Lend Lease different to a lot of companies. Foundation is run on behalf of all Lend Lease employees by a network of volunteer representatives, and a small full time support team.

Lend Lease believes that highly motivated, passionate and caring employees are one of the greatest assets of our businesses. We also understand that there is more to life than just work, and that most productive people enjoy a healthy balance in their lives with opportunity for continued learning and personal growth.

The Foundation operates in all regions, offering all employees equal opportunity to participate in both regional and global programs. Our programs are decided by employees. Programs vary from region to region and change on a regular basis to ensure continuing benefit to both employees and the company. Each year employee representatives gather in each region to discuss program ideas and to vote on programs for the coming year. We take issues raised by Lend Lease people and develop programs around them.

Global programs are designed to link Lend Lease people globally and to assist their understanding of the Group's broader strategic aims.

Regional Collective programs have a similar aim to Global programs, but at a regional level, addressing regional issues. They assist our employees to develop relationships, share experiences, to grow and be challenged.

Community programs are designed to encourage involvement outside the workplace. They are about being active members of the communities in which we all operate. That is why we have global programs such as **Community Day** and why we back them up with community programs in each region in which we operate.

Foundation's activities are funded by distributions from pre-existing employee benefit vehicles. Foundation is not funded by the business units and it makes no claims on the Lend Lease Group for funding or administration.

Foundation's income is based on the level of dividends paid by Lend Lease in any year. Based on dividends forecast to be paid by Lend Lease in the June 2002 financial year, Foundation's income for the June 2002 financial year is expected to be approximately A\$5 million.

Lend Lease Foundation Financial Summary for the Year ended 30 June 2001

	June 2001 \$m
Income	
Gross Income from employee benefit vehicles	14.6
Shares allocated to Hornery Institute (ex-employee benefit vehicles)	10.0
Total Income	24.6
Expenditure	
Global Programs	3.9
Regional Programs	
Asia/Pacific	7.1
Europe	2.3
North America	3.6
Shares allocated to Hornery Institute	10.0
Total Expenditure	26.9

Shareholder Information

Stock Exchange Listings and Code

Lend Lease Corporation is listed on the Australian and New Zealand Stock Exchanges and trades under the ASX code LLC.

Dividends

Dividends may be paid directly into a nominated Australian financial institution account. Payments are forwarded to the shareholder's account on the payment date and confirmed to the shareholder by mail. A Direct Deposit form is available from the Registry or from Lend Lease Corporation.

Share Accumulation Plan

The Share Accumulation Plan is designed to be a convenient way for shareholders with a registered address in Australia or New Zealand to build their shareholdings without incurring transaction costs. The laws of other countries make it difficult for us to offer shares in this way.

Lend Lease shareholders are able to reinvest their dividends to acquire more Lend Lease shares through the Dividend Reinvestment Plan (DRP) or the Share Election Plan (SEP).**

Shareholders may also make contributions of between \$500 and \$1,500 to acquire new Lend Lease shares under the Share Purchase Plan (SPP). An SPP application form is mailed to eligible shareholders (registered as the holder of at least 100 shares at the record date) with each dividend.

The rules of the plan are set out in the Share Accumulation Plan Booklet. Copies are available from the Registry or Lend Lease Corporation.

American Depository Receipts

In the USA, Lend Lease shares are traded on the over-the-counter market in the form of sponsored American Depository Receipts (ADRs) under the symbol 'LLESY'. Each ADR represents one ordinary share. Information about ADRs is available from the depository, The Bank of New York (<http://www.bankofny.com>).

The Bank of New York
Depository Receipts Division
101 Barclay Street
New York NY 10286
Telephone: 1 (212) 815 2345
Facsimile: 1 (212) 571 3050

Change of Address

Please inform Lend Lease Corporation in writing of any change of address by completing the form available from the Registry or Lend Lease Corporation.

Dividend History

Payment Date	Dividend	Dividend per share	Franked
13 September 2001	Final*	8 cents	100%
14 March 2001	Interim*	13 cents	Nil
14 September 2000	Final*	32 cents	100%
15 March 2000	Interim*	32 cents	100%
16 September 1999	Final*	31 cents	100%
17 March 1999	Interim*	29 cents	100%
17 September 1998	Final	54 cents	100%
18 March 1998	Interim	53 cents	100%
18 September 1997	Final	50 cents	100%
19 March 1997	Interim	48 cents	100%
1 November 1996	Final	47 cents	100%
29 March 1996	Interim	43 cents	100%
3 November 1995	Final	38 cents	100%
28 June 1995	2nd Interim	11 cents	100%
31 March 1995	Interim	36 cents	100%
28 October 1994	Final	36 cents	100%
27 June 1994	2nd Interim	10 cents	100%
13 April 1994	Interim	34 cents	100%
22 October 1993	Final	33 cents	100%
15 July 1993	Special	10 cents	Nil
29 March 1993	Interim	33 cents	100%
23 October 1992	Final	33 cents	100%
16 July 1992	Special	8 cents	N/A
30 March 1992	Interim	32 cents	100%

Share information at a glance	2001	2000
Number of shareholders	90,267	63,264
Shares issued	430 million	512 million
Percentage owned by 20 largest shareholders	56.26%	64.43%
Interim Dividend fully franked	Nil	32 cents per share
unfranked	13 cents per share	Nil
Final recommended dividend fully franked	8 cents per share	32 cents per share
Total dividend	21 cents per share	64 cents per share
Dividend payout ratio	60%	76%

* 1:1 bonus Share issue was implemented in December 1998.

** The SEP was suspended for the 2001 year, as dividends were expected to be at least partly franked. We anticipate that the SEP will be reinstated before we pay our interim dividend in March next year.

Directory

ANNUAL GENERAL MEETING

The 2001 Annual General Meeting of Lend Lease Corporation Limited will be held at 7.00pm on Thursday, 1 November 2001 in The Sydney Entertainment Centre 35 Harbour Street Haymarket Sydney NSW 2000 Australia

FINANCIAL CALENDAR

2001

Annual General Meeting *1 November*

2002

Announcement of Half Year Results *21 February*
Interim Dividend Payable *20 March*
Announcement of Final Results *22 August*
Final Dividend Payable *19 September*
Annual General Meeting *7 November*

Directors

J K Conway, *Chairman*
D H Higgins, *Managing Director*
R A Longes, *Deputy Chairman*
A Aiello D J Grady
E D Cameron R G Mueller, CBE
D A Crawford Y H Chua, BBM
G G Edington R E Tsenin
P C Goldmark

Secretaries

P W Crewes S J Sharpe

Stock Exchange Listings

Australia New Zealand

Lend Lease Corporation Limited

ABN 32 000 226 228
Incorporated in New South Wales, Australia

Registered Office

Level 46, Tower Building
Australia Square
George Street
Sydney NSW 2000
Telephone: 61 (2) 9236 6111
Facsimile: 61 (2) 9252 2192

Share Registry and Shareholder Queries

Principal Register

ASX Perpetual Registrars Limited
Level 8
580 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1232
Telephone: 1800 230 300 or 61 (2) 8280 7123
Facsimile: 61 (2) 9261 8489
Email: registrars@aprl.com.au
<http://www.registrars.aprl.com.au>

UK Register

B Davis & Co
Park House
158-160 Arthur Road
Wimbledon Park
London SW19 8AQ
Telephone: 44 (20) 8947 3361
Facsimile: 44 (20) 8944 1039

USA Agent

The Bank of New York
Depository Receipts Division
101 Barclays Street
New York NY 10286
Telephone: 1 (212) 815 2345
Facsimile: 1 (212) 571 3050

Investor Information

Lend Lease Corporation Report to Shareholders and financial statements and further information on the Lend Lease Group can be obtained from Investor Relations.
Telephone: 61 (2) 9236 6131
Facsimile: 61 (2) 9252 2192
and from our Internet site:
<http://www.lendlease.com.au>

