Lend Lease

CONSOLIDATED FINANCIAL REPORT 2000

Lend Lease
CORPORATION

Lend Lease Corporation Limited
Consolidated Financial Report 30 June 2000

Management Discussion and Analysis of Financial condition and Result of Operations (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 Consolidated Financial Statements at 30 June 2000, and should be read in conjunction with those Financial Statements.

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.

HIGHLIGHTS

- Sale of Financial Services businesses for $4.6 billion, resulting in an extraordinary profit of $3.1 billion after tax.
- Acquisition of real estate businesses totalling $1.6 billion.
- Operating profit after tax up 2.8% to $432.2 million, before extraordinary profit, but after provisions against property inventories and investments of $99.7 million after tax.
- Proposed capital return to shareholders via off-market share buy back (subject to shareholder approval).

SALE OF FINANCIAL SERVICES BUSINESSES

Lend Lease completed the sale of the Financial Services businesses to National Australia Bank Limited (NAB) on 30 June 2000. The proceeds from the sale was cash of $4,596.7 million which realised a profit after tax of $3,112.3 million. In addition a fully franked dividend of $50.0 million was paid by MLC Limited prior to completion. This dividend does not form part of the Financial Services result, as the full profit earned by the Financial Services businesses are consolidated into the Lend Lease Group result. The profit from the sale has been treated as an extraordinary profit and is stated net of $35.9 million after tax of costs to be incurred by Lend Lease as a direct consequence of the sale.

REAL ESTATE ACQUISITIONS

	Initial Acquisition Payments $m	Deferred Contingent Payments $m	Restructure Provisions $m	Other Acquisition Costs $m	Total Acquisition Costs $m
Bovis	730.8		14.1	21.3	766.2
Boston Financial	217.0	59.3	23.3	5.0	304.6
Lend Lease Mortgage Investment (1)	372.2	58.4	45.8	5.0	481.4
Project Consultants Inc	3.7	3.7		0.1	7.5
Total acquisitions during the year included in Financial Statements (2)	**1,323.7**	**121.4**	**83.2**	**31.4**	**1,559.7**

(1) Represents the five businesses acquired from AMRESCO, Inc.
(2) Stated in A$ at year end rates of exchange.

In addition, acquisitions of Financial Services businesses totalling $314.1 million were made during the year (CEF Life $250.0 million; Godfrey Pembroke $40.0 million; and Advance Assurance $24.1 million). These acquisitions were subsequently sold as part of the Financial Services businesses.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

OVERVIEW continued

REAL ESTATE ACQUISITIONS continued

The real estate acquisitions result in a significant amortisation charge against earnings as follows:

	Management Agreements Amount $m	Goodwill Amount $m	Amortisation Charge June 2000 $m (1)(2)	Annual Amortisation Charge $m (1)(2)
Bovis		716.7	23.4	35.8
Boston Financial	207.6	32.1	3.6	5.9
Lend Lease Mortgage Investment	243.4	211.7	3.6	15.5
Project Consultants Inc		6.0		0.3
Total	**451.0**	**966.5**	**30.6**	**57.5**

(1) Charges for the year ended 30 June 2000 are less than the Annual Amortisation Charge because these businesses were purchased part-way through the year.
(2) Goodwill is amortised over 20 years; Management Agreements are amortised over 50 years. Charges are stated before any tax benefit that may be applicable.

OPERATING PERFORMANCE

		Reported June 2000	Adjusted June 2000 (1)	June 1999	Increase % (2)
Operating revenue	$m	12,996.8	9,597.6	4,118.8	133.0%
EBITDA	$m	983.8	794.1	628.9	26.3%
Operating profit before tax	$m	756.2	590.2	516.1	14.4%
Operating profit after tax	**$m**	**432.2**	**432.6**	**420.4**	**2.9%**
Extraordinary profit on sale of Financial Services	$m	3,112.3	1,602.2		
Total profit after tax	**$m**	**3,544.5**	**2,034.8**	**420.4**	
Earnings per share, excluding extraordinary item	$	0.847	0.848	0.826	2.7%
Total earnings per share	**$**	**6.95**	**3.99**	**0.826**	
Return on equity, excluding extraordinary item		19.7%	11.7%	12.1%	

(1) The Company's statutory accounts include the consolidated profits of the Statutory Funds of MLC Limited and MLC Lifetime Company Limited for the year ended 30 June 2000 as required by Australian Accounting Standard AASB1038 Life Insurance Business. However, the Directors believe that a more relevant comparison of operating performance results is achieved by presenting the figures for June 2000 on a consistent basis to June 1999. This is the basis adopted in the above table (adjusted column). See also the Alternative Financial Statement on page 31.
(2) Increase relates to the adjusted June 2000 results as compared to June 1999.

The 133.0% increase in operating revenue and 26.3% increase in EBITDA in June 2000 mainly reflect the acquisitions of Bovis and Boston Financial.

Reported return on equity (ROE) for the year to 30 June 2000 was 19.7% compared to 12.1% reported for the corresponding period. The June 2000 ROE has been calculated by excluding the extraordinary profit from the net profit and after adjusting net assets. The increase in the reported ROE was principally due to the $1.5 billion reduction in net assets as a result of consolidating the Statutory Funds of MLC and MLC Lifetime (refer to Financial Services section on page 24). If the Statutory Funds were not consolidated, ROE for the year to 30 June 2000 would be 11.7%.

The final dividend of 32.0 cents per share will be paid on 14 September 2000 (31.0 cents per share 16 September 1999). The dividend payout ratio is 75.6% (June 1999 72.0%).

SEGMENT RESULTS

The main contributors to the operating profit after tax (excluding sale of Financial Services businesses) were Real Estate with $219.2 million (50.7% of total), Financial Services with $230.6 million (53.4% of total) and Investments with $136.5 million (31.6% of total). These were partly offset by amortisation, financing costs and Group Services costs.

Total assets increased by $3.6 billion (49.3%) to $10.9 billion at 30 June 2000. The principal contributors to the increase were the sale of the Financial Services businesses and the acquisitions of Bovis, Boston Financial and Lend Lease Mortgage Investment, offset by a reduction in Property Development assets.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

OVERVIEW continued

SEGMENT RESULTS continued

The following table provides an overview of certain components of the June 2000 result. Each segment is reviewed in detail below. It should be noted that the segment results of the operating businesses exclude financing costs such as interest and hedging (which are included in Group Financing) and amortisation charges.

Business Segment Summary

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
Real Estate								
Real Estate Investments	752.1	552.8	231.4	103.1	151.6	77.9	2,733.1	1,344.8
Property Development	1,299.9	1,064.6	22.8	196.1	11.3	127.9	2,049.2	2,797.5
Project & Construction Management	6,512.3	1,401.9	101.2	53.5	56.3	36.5	2,755.6	378.5
Real Estate Services		320.3		17.6		11.4		
Total Real Estate	**8,564.3**	**3,339.6**	**355.4**	**370.3**	**219.2**	**253.7**	**7,537.9**	**4,520.8**
Financial Services								
Statutory Funds	3,585.6	176.1	362.8	176.1	196.4	176.1		
Financial Services – other	477.3	429.8	62.6	43.3	34.2	24.4		2,323.0
Total Financial Services	**4,062.9**	**605.9**	**425.4**	**219.4**	**230.6**	**200.5**		**2,323.0**
Investments								
IT+T Investments	87.0	25.5	59.6	10.2	38.1	9.2	96.9	94.1
Equity Investments	218.6	77.3	134.4	51.5	98.4	50.8	93.7	176.3
Corporate								
Group Services	19.5	30.1	(82.5)	(70.5)	(50.3)	(48.7)		
Amortisation			(55.7)	(14.6)	(55.7)	(14.6)		
Group Financing	44.5	40.4	(80.4)	(50.2)	(48.1)	(30.5)	3,213.4	177.0
Total Operating	**12,996.8**	**4,118.8**	**756.2**	**516.1**	**432.2**	**420.4**	**10,941.9**	**7,291.2**
Extraordinary Item					3,112.3			
Total Net Profit					**3,544.5**	**420.4**		

REAL ESTATE

The Group's real estate business encompasses three major business activities: Lend Lease Real Estate Investments (REI), Lend Lease Property Development and Bovis Lend Lease (Project and Construction Management).

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 and residential mortgages, shopping centre leasing, management and re-development (in Australia) and acting as financial advisor and arranger of project finance and related services.

As foreshadowed at 30 June 1999, the Capital Services business unit has been included within the REI business segment since 1 July 1999. The principal activities of Capital Services are as developer, owner, operator and fund manager of infrastructure assets; and investor in UK real estate development businesses.

Lend Lease acquired the Boston Financial Group Limited Partnership (Boston Financial) on 3 November 1999 for USD130.2 million ($217.0 million), with additional contingent payments of up to USD35.6 million ($59.3 million) over a three year period subsequent to the acquisition. The operating results for Boston Financial for the eight months since acquisition have been included in Lend Lease's result.

Lend Lease also acquired five of AMRESCO Inc's commercial mortgage businesses (Lend Lease Mortgage Investment) on 17 March, 2000 for USD223.3 million ($372.2 million), with additional contingent payments of up to USD35.0 million ($58.4 million) over a three year period subsequent to the acquisition. The operating results for Lend Lease Mortgage Investment for the three and a half months since acquisition have been included in Lend Lease's result.

Further details of the acquisitions are set out later in this section.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

RESULTS

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
REI								
Australia & Pacific	83.2	68.4	22.6	15.0	14.2	8.0	163.8	108.9
North America	523.8	402.4	141.4	76.1	88.9	61.7	2,210.4	999.0
Asia	6.0	2.2	7.5	(7.0)	4.3	(5.5)	144.3	50.7
Europe	77.0	23.3	46.6	8.1	29.8	5.7	109.3	100.8
Total REI	**690.0**	**496.3**	**218.1**	**92.2**	**137.2**	**69.9**	**2,627.8**	**1,259.4**
Capital Services								
Australia & Pacific	13.6	12.6	5.7	1.9	8.8	1.1	40.8	18.5
Asia							9.3	8.3
Europe	48.5	43.9	7.6	9.0	5.6	6.9	55.2	58.6
Total Capital Services	**62.1**	**56.5**	**13.3**	**10.9**	**14.4**	**8.0**	**105.3**	**85.4**
Total	**752.1**	**552.8**	**231.4**	**103.1**	**151.6**	**77.9**	**2,733.1**	**1,344.8**
% of Total Group	5.8%	13.4%	30.6%	19.9%	35.1%	18.5%	24.9%	18.4%

REI

The June 2000 profit after tax for REI was $137.2 million, an increase of 96.3% from June 1999. The result included Boston Financial and Lend Lease Mortgage Investment since acquisition, the reversal of the provision raised in December 1998 on Lend Lease's investment in APIC and net operating income from the Group's 40% interest in Bluewater for the year. The REI results are analysed by region below.

AUSTRALIA & PACIFIC

Revenue

	Year to June 2000		Year to June 1999	
	$m	%	$m	%
Asset management fees	40.5	48.7%	38.3	56.0%
Transaction revenue	6.0	7.2%	5.0	7.3%
Leasing and development management fees	12.9	15.5%	11.8	17.3%
Retail property management fees	13.3	16.0%	12.4	18.1%
Investment income	4.5	5.4%	0.9	1.3%
Sale of investments	6.0	7.2%		
Total	**83.2**	**100.0%**	**68.4**	**100.0%**

Fee revenue from asset management for the Australia and Pacific business for the year ended 30 June 2000 increased by 5.7% to $40.5 million, mainly due to an increase in funds under management of 12.9%.

Transaction revenue for the year ended June 2000 was $6.0 million (June 1999 $5.0 million), which reflected increased fees earned by the Project Finance division.

Leasing and development management fees increased by 9.3% to $12.9 million in June 2000, which reflected an increase in operational leasing fees from the retail centres managed.

Retail property management fees increased by 7.3% to $13.3 million in June 2000, which reflected fees on the first full year from the Melbourne Central retail centre (acquired by GPT).

The increase in investment income by $3.6 million to $4.5 million mainly reflected the inclusion of distributions of $2.5 million from the APPF Retail Units (relating to Greensborough Shopping Centre).

The sale of investments of $6.0 million in June 2000 mainly related to the sale of GPT units which had been held in lieu of receiving management fees.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

AUSTRALIA & PACIFIC continued

Profit After Tax

	Year to June 2000 $m	Year to June 1999 $m
Profit before tax of underlying fee based business	17.7	13.8
Investment income before tax	4.5	2.0
Profit before tax on sale of investments	0.4	
Less: Provisions raised:		
GPT Units		(0.8)
Total profit before tax for year	**22.6**	**15.0**
Income tax expense	(8.4)	(7.0)
Profit after tax	**14.2**	**8.0**

The underlying fee based profit before tax of the Australia and Pacific business increased by 28.3% from $13.8 million in June 1999 to $17.7 million in June 2000, mainly reflecting the increased revenues in June 2000.

NORTH AMERICA

Revenue

	Year to June 2000						Year to June 1999		
	Pre-Existing REI USDm (1)	Boston Financial USDm (2)	LL Mortgage Investment USDm (3)	Total USDm	A$m	%	USDm	A$m	%
Transaction Fees	**91.4**	**30.8**	**16.3**	**138.5**	**221.9**	**42.4%**	**104.9**	**168.3**	**41.8%**
Annuity Fees									
Asset management fees	105.2	12.0	21.5	138.7	222.3	42.4%	107.9	173.0	43.0%
Property and facilities management fees		7.3		7.3	11.7	2.2%			
Total annuity fees	**105.2**	**19.3**	**21.5**	**146.0**	**234.0**	**44.6%**	**107.9**	**173.0**	**43.0%**
Investment Revenue									
Investment income	14.4	1.5	0.6	16.5	26.4	5.1%	12.5	20.0	5.0%
Sale of investments	25.9			25.9	41.5	7.9%	25.6	41.1	10.2%
Total revenue	**236.9**	**51.6**	**38.4**	**326.9**	**523.8**	**100.0%**	**250.9**	**402.4**	**100.0%**

(1) Pre-Existing business consists of ERE and Yarmouth. The results at June 2000 are directly comparable to those at June 1999.
(2) Acquired 3 November 1999.
(3) Acquired 17 March 2000.

The North American REI business has three main sources of revenue:

- Transaction fees - earned from managing the acquisition, disposition and financing of clients' real estate equity and debt portfolios, including incentive fees.
- Annuity fees - chiefly earned from managing the real estate equity and debt portfolios of clients.
- Investment Revenue - income and capital returns from REI's portfolio of co-investments.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

NORTH AMERICA continued

Transaction Fees

Transaction fees for the year were as follows:

	Pre-Existing 2000 USDm	Boston Financial 2000 USDm	LL Mortgage Investment 2000 USDm	Total 2000 USDm	Total 1999 USDm
Acquisition fees	16.6	23.3		39.9	12.2
Disposition fees	18.2			18.2	38.1
Origination fees	8.1		15.8	23.9	12.7
Incentive fees	42.5			42.5	38.6
Other fees	6.0	7.5	0.5	14.0	3.3
Total transaction fees	**91.4**	**30.8**	**16.3**	**138.5**	**104.9**

Transaction fees for the Pre-Existing business was down from USD104.9 million in June 1999 to USD91.4 million at June 2000. This is due primarily to lower disposition fees, down USD19.9 million from USD38.1 million to USD18.2 million. This reduction is chiefly as a result of lower fees from The Equitable General Account, which has implemented an orderly disposition of a significant proportion of their real estate portfolio over the last three years. REI has managed this disposition program. The program is close to its conclusion. The disposition history has been:

- June 1998 - USD 700 million
- June 1999 - USD 1,662 million
- June 2000 - USD 755 million

This year's lower transaction fees reflect the lower disposition volume.

June 2000 acquisition fees for the Pre-Existing business increased USD4.4 million, reflecting a record USD3.8 billion acquisition volume, primarily in the separate and advisory account businesses.

In addition to the separate and advisory account businesses, the acquisition volume was driven by the successful launch of the fourth in the series of the Value Enhancement Funds. This fund was a major initiative for fiscal year 2000 and closed in March 2000 with USD400 million in equity commitments.

June 2000 incentive fees at USD42.5 million are the largest in the history of REI and reflect the liquidation of Value Enhancement Fund I and Yarmouth Capital Partners Fund I. This level of incentive fees is not likely to be repeated in 2001.

Origination fees for the Pre-Existing debt business were down for 2000 primarily due to an increase in interest rates and general market conditions, which reduced new originations and re-financings.

The Boston Financial revenues are for the eight months ended 30 June 2000. Transaction fees from the Boston Financial business related primarily to multi-family and tax-credit assisted property transactions. The majority of these fees are earned in the December quarter, when the Housing and Community Investing (HCI) business traditionally completes a significant schedule of transactions prior to the US tax year end of 31 December.

The Lend Lease Mortgage Investment revenue relates to the three and a half months since the acquisition. The Lend Lease Mortgage Investment transaction fees mainly relate to mortgage origination fees for the Government Sponsored Entities - Fannie Mae & Freddie Mac - and the Holliday Fenoglio Fowler commercial mortgage brokerage business.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

NORTH AMERICA continued

Annuity Fees

Annuity fees for the year were as follows:

	Pre-Existing 2000 USDm	Boston Financial 2000 USDm	LL Mortgage Investment 2000 USDm	Total 2000 USDm	Total 1999 USDm
Asset management fees	92.1	12.0		104.1	92.2
Property management fees		7.3		7.3	0.7
Mortgaging servicing fees	13.1		21.5	34.6	15.0
Total annuity fees	**105.2**	**19.3**	**21.5**	**146.0**	**107.9**

Asset management fees in the Pre-Existing REI business were flat for 2000. The General Account disposition program reduced asset management fees. The increase in assets under management from new initiatives and existing separate and advisory accounts was not fully reflected in asset management fees in the June 2000 results, as the majority of this increase occurred towards the end of the fiscal year. The positive impact of the growth on asset management fees will therefore not be completely realised until 2001.

Excluding The Equitable General Account, funds under management of the Pre-Existing business at 30 June 2000 increased by 9.2% over June 1999, which is demonstrated in the following table. The table also shows that the funds under management for the acquired Boston Financial and Lend Lease Mortgage Investment businesses had also increased since the date of acquisition.

Funds Under Management

	Pre-Existing General Act 2000 USDb	Pre-Existing Other REI 2000 USDb	Boston Financial 2000 USDb	LL Mortgage Investment 2000 USDb	Total 2000 USDb	Total 1999 USDb
FUM at beginning of year	8.4	15.3			23.7	24.4
FUM acquired			8.0	7.7	15.7	
Additions (1)	0.6	3.9	0.7	0.5	5.7	4.3
Reductions	(1.5)	(2.5)	(0.1)	(0.1)	(4.2)	(5.0)
FUM at end of year (30 June 2000)	**7.5**	**16.7**	**8.6**	**8.1**	**40.9**	**23.7**
Increase/(decrease)	(10.7%)	9.2%	7.5% (2)	5.2% (2)	3.8% (3)	

(1) Additions include both new funds and revaluations of assets within existing funds.
(2) Percentage increase since date of acquisition.
(3) Percentage increase calculated including the FUM acquired in the opening FUM.

Asset management fees in the Boston Financial business primarily related to revenue earned from management of client portfolios of multi-family (apartment) investments, including a significant portfolio of tax-credit assisted properties. Property management fees were generated by the apartment management business, which manages a large portfolio of multi-family assets across the US.

Mortgage servicing fees are primarily driven by the former AMRESCO mortgage servicing business.

Loans Under Servicing (LUS)

	Pre-Existing REI 2000 USDb	LL Mortgage Investment 2000 USDb	Total 2000 USDb	Total 1999 USDb
LUS at beginning of year	7.2		7.2	6.8
LUS acquired		48.8	48.8	
Additions	0.5	0.5	1.0	1.1
Reductions	(1.0)	(0.2)	(1.2)	(0.7)
LUS at end of year	**6.7**	**49.1**	**55.8**	**7.2**

Mortgage servicing fees from the Pre-Existing business were US$1.9 million lower this year reflecting run-offs in the servicing portfolio. The two servicing businesses have now been combined under the Capmark Services banner.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

NORTH AMERICA continued

Investment Revenue

US investment income for the year to June 2000 was USD16.5 million (June 1999 USD12.5 million) which reflected increased returns from the portfolio of investments, including the 50% ownership interest in the King of Prussia Shopping Centre and co-investments in managed funds. Sale of investments during the year to June 2000 represented the sale of the interest in the Vestar Long Beach joint venture.

Profit After Tax

	Year to June 2000					Year to June 1999	
	Pre-Existing REI USDm	Boston Financial USDm	LL Mortgage Investment 2000 USDm	Total USDm	A$m	USDm	A$m
Profit/(loss) before tax of underlying fee based business	38.6	18.2	3.1	59.9	96.1	40.3	63.8
Investment income before tax	14.4	1.5	0.6	16.5	26.4	14.1	22.4
Equity accounted profits	2.2			2.2	3.5		
Profit/(loss) before tax on sale of investments	9.6			9.6	15.4	1.6	2.6
Less: Provisions raised: Chastain Capital Corporation investment						(7.9)	(12.7)
Total profit before tax for year	**64.8**	**19.7**	**3.7**	**88.2**	**141.4**	**48.1**	**76.1**
Income tax expense	(24.2)	(8.2)	(0.3)	(32.7)	(52.5)	(9.0)	(14.4)
Profit after tax	**40.6**	**11.5**	**3.4**	**55.5**	**88.9**	**39.1**	**61.7**

The underlying profitability of the Pre-Existing REI US business declined from USD40.3 million in June 1999 to USD38.6 million in June 2000. This decline was due to a reduction in transaction fees of USD13.5 million, primarily as a result of the slowdown of The Equitable General Account disposition program. The June 2000 profit was derived after capitalising USD15.9 million of costs incurred on Project Enterprise as a result of a change in accounting policy by the Group. Project Enterprise is designed to build a platform for the long term growth and development of the REI business by transforming business processes through the use of enhanced and integrated IT solutions. Costs incurred since 31 December 1999 of $26.5 million (USD15.9 million) on Project Enterprise have been capitalised and will be amortised over a 5 year period from the completion of the project.

Boston Financial profit of USD19.7 million (A$31.6 million) related to the eight months of ownership up to 30 June 2000. The major contributor to this result was the HCI business which delivers the bulk of the profits in the December quarter when tax driven transactions are completed in advance of the US tax year end of 31 December.

The Lend Lease Mortgage Investment businesses contributed a profit before tax of USD3.7 million, which related to the three and a half months to June 2000. This partial year result is not indicative of an annualised profit amount for these businesses, as the mortgage brokerage business is seasonal in nature in that transaction volumes typically increase in the last quarter of the calendar year. In addition, mortgage loan originations and commercial mortgage-backed securitisation issues were down 25% to 30% from that expected, due to an increase in interest rates and general market concerns, which have generally decreased new loans and refinancings. It is anticipated that borrowers will come back into the market when US interest rates have stabilised.

The Lend Lease Mortgage Investment business also generates a net interest income in addition to its fees. The net interest income of USD1.4 million before tax (USD0.8 million after tax) generated for the three and a half months to 30 June 2000 is included in the results for Group Treasury.

Segment Assets

The increase in segment assets in North America is mainly due to the acquisition of the Boston Financial Group and Lend Lease Mortgage Investment (refer below).

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

ASIA

Revenue

Revenue in Asia of $6.0 million for June 2000 was higher than the June 1999 revenue of $2.2 million due to higher funds under management in Asia Pacific Investment Company (APIC).

Profit After Tax

The profit after tax of $4.3 million in Asia for June 2000 included a $4.2 million after tax reversal of the provision of $7.8 million before tax ($5.0 million after tax) raised against Lend Lease's investment in APIC at 31 December 1998 as a result of the Asian economic crisis. The reversal was due to the recovery in value of some investments held by APIC and left a remaining provision of $1.2 million before tax ($0.8 million after tax) at 30 June 2000.

Segment Assets

The segment assets in Asia mainly relates to the USD49.3 million (A$82.2 million) investment in APIC and the acquired Lend Lease Mortgage Investment businesses located in Japan, Korea and Thailand.

EUROPE

Revenue

	Year to June 2000			Year to June 1999		
	GBPm	A$m	%	GBPm	A$m	%
Funds under management fees	2.6	6.7	8.7%	2.4	6.3	27.0%
Retail property management fees	4.3	11.1	14.4%	1.7	4.5	19.3%
Investment income	23.0	59.2	76.9%	4.8	12.5	53.7%
	29.9	**77.0**	**100.0%**	**8.9**	**23.3**	**100.0%**

The funds under management fees in Europe of GBP2.6 million in June 2000 mainly related to fees earned from the management of the Lend Lease Retail Partnership and Bluewater asset management fees. The retail property management fees in June 2000 of GBP4.3 million related to fees earned by the Larry Smith Group of GBP2.9 million (June 1999 GBP1.7 million) and fees earned for the property management of Bluewater of GBP1.4 million. European investment income in June 2000 of GBP23.0 million related to the net operating income of Bluewater, derived from Lend Lease's remaining 40% ownership interest in Bluewater (GBP20.6 million), the net operating income of Overgate, Dundee since opening in March 2000 (GBP1.7 million) and earnings from Lend Lease's investment in the Lend Lease Retail Partnership (GBP0.7 million).

On 1 July 2000 Prudential completed the acquisition of a further 10% interest of Bluewater, leaving Lend Lease with a 30% share of the net operating income of Bluewater. All rent free periods granted to the initial tenants in Bluewater had expired at 30 June 2000. The net operating income of Bluewater is largely comprised of a base rent and therefore is not dependent upon sales turnover rent. There are some tenants that are subject to a turnover rent "top-up". The majority of rent reviews for Bluewater's tenants will occur during the year ending 30 June 2004.

Profit After Tax

	Year to June 2000		Year to June 1999	
	GBPm	A$m	GBPm	A$m
Profit/(loss) before tax of underlying fee based business	(3.7)	(9.4)	(1.8)	(4.8)
Investment income before tax (1)	22.0	56.0	4.8	12.9
Total profit before tax for year	**18.3**	**46.6**	**3.0**	**8.1**
Income tax expense	(6.6)	(16.8)	(0.9)	(2.4)
Profit after tax	**11.7**	**29.8**	**2.1**	**5.7**

(1) Investment income in June 2000 reduced by the allocation of a management fee equivalent to that charged to other Bluewater owners.

The loss before tax of the underlying European fee-based business of GBP3.7 million for June 2000 (June 1999 GBP1.8 million) reflects a loss before tax by the Larry Smith business of GBP1.4 million (June 1999 GBP0.7 million loss), a loss before tax of GBP0.7 million by the Funds Management, Asset Management and Property Management businesses and setup costs for a European REI business of GBP1.6 million after tax. The loss in the Larry Smith business related to increased IT investment expenditure to support the expansion of the European business into Continental Europe. The loss by the Funds Management business was caused by start-up costs of a business unit to manage Bluewater and other retail assets.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

CAPITAL SERVICES

Australia & Pacific

The Australian revenue of $13.6 million in June 2000 included $11.5 million for the sale of half of Lend Lease's one third interest in the Prospect Water Partnership. The revenue of $12.6 million in June 1999 reflected the inclusion of $9.9 million for the sale of the Tower and Appin Power Partnership in December 1998.

The June 2000 profit after tax of $8.8 million mainly consisted of a $6.0 million after tax profit for the part sale of the interest in the Prospect Water Partnership as well as $5.2 million profit after tax on the reversal of a deferred tax liability extinguished on the sale of Prospect. The June 1999 profit after tax included $5.2 million after tax for the sale of Tower and Appin Power Partnership.

Asia

The segment assets in Asia related to the investment in the Lend Lease Asia Water Trust on which no income has been earned.

Europe

The European revenue of $48.5 million in June 2000 mainly related to the sale of Lend Lease's interest in the Fareham Shopping Centre Partnership for $26.7 million and guarantee fees earned from loans guaranteed for Chelverton. The June 1999 revenue of $43.9 million mainly related to guarantee fees of $26.7 million and the sale of the NHP Partnership of $13.1 million. The profit after tax of $5.6 million in June 2000 included the sale of Fareham for a profit after tax of $5.2 million and provisions raised in respect of the remaining investments and loan guarantees.

BOSTON FINANCIAL ACQUISITION

Boston Financial was a privately owned institutional funds management and real estate services company, and is one of the largest apartment (multi-family) investment managers in the US. Its operations include multi-family portfolio management, asset management, development, tax-credit assisted property securitisation and financing, residential property management and senior housing investment and operations management.

Boston Financial had funds under management of USD8.6 billion at 30 June 2000, a 7.5% increase since acquisition of this business in November 1999. This growth has primarily been driven by over USD700 million of acquisitions in the HCI business (formerly Investment Tax Credit).

HCI is the major profit driver of the former Boston Financial business, contributing over 90% of that entity's profit to June 2000. HCI is a leader in the US tax credit business and aggregates, syndicates and then manages multi-family investment funds which enjoy significant tax advantages due to their investment in low-income (tax credit supported) projects.

This tax supported housing policy enjoys bi-partisan political support in the US. This is expected to be an area of growth for Lend Lease, with advanced plans by the US Government to expand the size and scope of tax credit support for multi-family housing.

Due to the US tax year ending on 31 December, this business unit traditionally completes most transactions in the December quarter and consequently derives the bulk of its profit contribution in that quarter.

The Boston Financial acquisition also brings a strong institutional multi-family (acquisition, asset management and property management) expertise to the Lend Lease group with major initiatives currently in process to expand this part of the business. The acquisition also provides an entry-point into the Senior Living market, which is projecting significant growth given an ageing population.

ACQUISITION OF CERTAIN AMRESCO BUSINESSES

AMRESCO is a diversified financial services company headquartered in Dallas, Texas, specialising in commercial and residential real estate lending, asset management and commercial finance. Lend Lease did not buy the AMRESCO holding company or any of its commercial finance, residential mortgage lending or home equity lending businesses, nor did Lend Lease assume any of AMRESCO's corporate liabilities.

The five AMRESCO business lines purchased by Lend Lease were:

- **AMRESCO Capital Limited Partnership**: Originates loans for Government Sponsored programs, eg. Fannie Mae, Freddie Mac, as well as for institutional clients. The Government Sponsored Entities will operate under the name Lend Lease Mortgage Capital. The institutional client business has been combined with the existing REI Debt Advisory business.
- **Holliday Fenoglio Fowler (HFF)**: Provides financial brokerage services for commercial real estate owners, including the arrangement of first-lien mortgages and mezzanine capital. HFF is the leader in US commercial loan transactions and will retain its name and operate as an independent, wholly owned business of Lend Lease.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

ACQUISITION OF CERTAIN AMRESCO BUSINESSES continued

- **Real Estate Structured Finance**: Arranges high-yield debt financing for real estate ventures unable to access traditional lending sources. This group has been combined with the High Yield debt group in the existing REI business.
- **AMRESCO Services**: Administers USD49.1 billion in servicing volume for Commercial Mortgage-Backed Securities (CMBS) issuers and owners of whole loan portfolios (including HFF's servicing business which handles USD9.0 billion of loans). This business is being integrated with Lend Lease's current commercial mortgage servicing business which currently administers USD6.7 billion of mortgage loans. All mortgage servicing is combined and operates under one umbrella as Capmark Services.
- **Asset Management**: Acquires, administers and resolves non-performing and sub-performing loan and real estate portfolios for governmental agencies, institutional investors, banks, insurance companies and private investors. This unit has recently expanded operations to Japan, Thailand, Mexico and Canada with plans to begin operations shortly in South Korea. The group will operate globally as Lend Lease Asset Management.

The acquisition of the AMRESCO commercial mortgage businesses further strengthened Lend Lease's global real estate investment management platform. The acquired businesses are now referred to as Lend Lease Mortgage Investment and is one of the market leaders in the US institutional real estate debt market, which is approximately four times larger than the institutional real estate equity market. The acquisition has also significantly expanded Lend Lease's real estate debt-related products and services in the areas of loan origination, lender representation, loan servicing and asset management/resolution.

At 30 June 2000 the acquired Lend Lease Mortgage Investment businesses had USD8.1 billion of funds under management and USD49.1 billion of loan servicing assets compared to USD7.7 billion and USD48.8 billion respectively at acquisition.

The acquired businesses provides annuity income from mortgages under servicing by Capmark Services, counter-cyclical income from Lend Lease Asset Management's asset resolution business and special servicing of non-performing loans in securitised mortgage pools.

Holliday Fenoglio Fowler, as the largest debt intermediary in the US with over USD12.0 billion in transaction volume in calendar 1999, increases LLREI's pipeline of real estate transactions, both debt and equity.

Lend Lease Mortgage Capital is licensed to originate loans for Fannie Mae and Freddie Mac and provides access to the growing US multi-family sector. In addition Fannie Mae and Freddie Mac's government mandate to provide loans for affordable housing results in synergies with Lend Lease's HCI business.

REAL ESTATE INVESTMENTS FUNDS UNDER MANAGEMENT

Real Estate Investments funds under management (REI FUM) at 30 June 2000 were $81.6 billion, compared to $46.9 billion at 30 June 1999.

Funds Under Management

	North America 2000 A$b	Aust & Pacific 2000 A$b	Asia 2000 A$b	Europe 2000 A$b	Total June 2000 A$b	Total June 1999 A$b
FUM at beginning of year	36.5	8.7	0.3	1.4	46.9	47.5
Exchange gain/(loss)	3.0				3.0	(3.1)
Additions (1)	9.5	1.8	0.6	1.2	13.1	9.3
Reductions	(7.0)	(0.5)			(7.5)	(8.6)
Acquisition of Boston Financial	13.3				13.3	
Acquisition of LL Mortgage Investment	12.8				12.8	
Property Securities (2)						1.8
FUM at end of year (30 June 2000)	**68.1**	**10.0**	**0.9**	**2.6**	**81.6**	**46.9**
	USD40.9		**USD0.5**	**GBP1.0**		

(1) Additions include both new funds and revaluations of assets within existing funds.
(2) Previously included in Financial Services FUM. Now included in REI FUM as business was not sold as part of the Financial Services businesses.

The US REI FUM totalled $68.1 billion representing approximately 83.5% of the total REI FUM.

The increase in funds under management in Europe relates to the 20% of Bluewater sold to Prudential and Hermes in July 1999 which is managed by Lend Lease.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

REAL ESTATE INVESTMENTS (REI) continued

REAL ESTATE INVESTMENTS FUNDS UNDER MANAGEMENT continued

Funds Under Management continued

The increase in funds under management in Australia of $1.3 billion is mainly due to the acquisition of assets by the various Australian real estate funds managed by Lend Lease, the launch of Real Estate Partners and the Lend Lease US Office Trust (refer to section on "Significant Events" below).

SIGNIFICANT EVENTS

United States

- The North American business has been successful in attracting new funds for investment. In the year to 30 June 2000 the business acquired USD5.7 billion of real estate assets on behalf of clients (1999 USD4.3 billion).
- Property acquisitions, dispositions, mortgage origination and financing for clients totalled USD10.7 billion for the year (June 1999 USD10.4 billion).
- A number of new initiatives were launched in the current year with a view to growing the revenue base and value of the North American business. These include the next fund in the Value Enhanced series (VEF IV) for which USD400.0 million in new equity was raised, a High-Yield CMBS Fund sponsored by General Motors, and various other initiatives across the equity and debt businesses.
- The liquidation of Chastain Capital Corporation's (Chastain) assets was completed in August 2000. An initial distribution of USD7.45 per share was made to shareholders in December 1999 reducing the carrying value of Lend Lease's investment at 30 June 2000 to USD0.2 million. The final distribution to unit holders is expected by the end of calendar 2000.

Europe

- Lend Lease Global Properties SICAF (Global Properties) is the Lend Lease flagship global real estate investment fund and has approximately USD750.0 million (through a combination of USD395.0 million equity commitments and debt) available for investment in Europe, Asia and the Americas. Lend Lease has committed USD50.0 million as an equity investment in Global Properties. At 30 June 2000 Global Properties had invested USD160.0 million.
- Lend Lease completed the acquisition of a 50% interest in Arrabida Shopping Centre in Portugal during the year. The interest is held in a joint venture with Global Properties and is equity accounted. Lend Lease's 50% interest in the joint venture was acquired for $2.0 million. The majority of the acquisition was funded by a debt facility within the joint venture. Lend Lease has provided a guarantee for its 50% share of this debt ($26.0 million).
- During the year Lend Lease Houlihan Rovers was incorporated as a Belgium based European listed real estate equities management company. Lend Lease holds an 80% interest with the balance held by the management.

Australia

- Lend Lease Real Estate Partners (LLREP), the first in a series of wholesale equity real estate funds, is an unlisted property fund that has been established to invest in real estate assets in the Australian market. LLREP, which was launched on 30 November 1999, raised approximately $70.0 million in equity commitments from eight major institutions and superannuation funds. LLREP will fund acquisitions utilising the equity commitments and debt.
- The Lend Lease US Office Trust (LLUSOT) was floated on the Australian Stock Exchange on 14 December 1999. The float raised $524.0 million in total commitments. The LLUSOT acquired interests in seven commercial office properties located in six different commercial office markets throughout the US and offers Australian investors the opportunity to invest in prime US office properties. The interests were acquired from Equity Office Properties Trust (EOPT).
- General Property Trust increased total assets by $640.0 million through the acquisition of interests in Four Points Hotel ($143.4 million), Darling Park ($299.6 million), Macarthur Square ($135.0 million) and Dandenong Plaza ($60.3 million). Funding for these acquisitions was through the issue of equity and the use of debt. General Property Trust also maintained its position as the highest rated property trust in the listed property sector (AA- Standard and Poor's credit rating).

Asia

- A major new initiative, the Lend Lease International Distressed Debt Fund, was launched in June 2000. This initiative will capitalise on the Lend Lease Mortgage Investment asset management business's strong historical track record in resolving troubled loan portfolios. The strategy is to raise up to USD750.0 million to invest in distressed debt portfolios, principally in Japan, Korea and other Asian countries. Lend Lease has committed USD50.0 million of co-investment capital to the fund. Marketing of the fund has just commenced.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

PROPERTY DEVELOPMENT

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

Properties for development are generally acquired or secured initially by Lend Lease in order to retain control over the planning and early development phases of each project. Co-investors are then introduced which limits the Group's risk to each project.

For each project Lend Lease conducts cash flow, profit and return analyses, and aims to exceed the parameters specified at the time of approval to commit. Timely return of capital is an added objective. Accordingly, Lend Lease's economic exposure to a project may change from time to time. In addition, Lend Lease has an internal discipline which generally commits funds on a progressive basis, reviewing each project's economics and potential profitability at the time of each funding application.

RESULTS

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
Australia	548.5	160.8	(82.7)	17.1	(50.2)	9.9	822.6	1,004.4
North America	3.1		(4.9)	(4.9)	(4.9)	(2.9)		
Asia	16.6	16.9	7.3	(26.3)	3.5	(23.6)	44.2	76.7
Europe	731.7	886.9	103.1	210.2	62.9	144.5	1,182.4	1,716.4
Total Property Development	**1,299.9**	**1,064.6**	**22.8**	**196.1**	**11.3**	**127.9**	**2,049.2**	**2,797.5**
% of Total Group	10.0%	25.9%	3.0%	38.0%	2.6%	30.4%	18.7%	38.4%

REVENUE

Australian revenue for the year ended 30 June 2000 primarily related to the sale of the 30% interest in Darling Park Stages I and II for $248.1 million, sales of the Olympic Village/Newington project for $183.4 million and progressive sales of other residential projects for $75.8 million. Lend Lease sold its interest in the Darling Park project to GPT and AMP. AMP paid cash for its 50% share, whilst GPT's consideration included the future delivery of GPT units. To eliminate the risk of future movements in the GPT unit price, Lend Lease effected a forward sale of the GPT units to a third party investor at an agreed price. The revenue component relating to GPT has been discounted in the June 2000 year (refer to Note 30(a) of the Consolidated Financial Report for further details).

The North American revenue mainly related to fees earned on the Vestar Glendale and Vestar Long Beach projects.

The Asian revenue mainly related to sales of factory units at Admiralty Industrial Park, Singapore (AIP).

European revenue mainly comprised the sale of 20% of Bluewater ($530.6 million) to Prudential (10% interest) and Hermes (10% interest) and the sale of a 70% interest in Overgate, Dundee ($193.9 million).

PROFIT AFTER TAX

The substantial decrease in profit for the year mainly reflected the provisions raised against the Fox Studios investment. The June 2000 result included $92.6 million profit after tax from the sale of interests in Bluewater (June 1999 $172.3 million).

The loss after tax in Australia of $50.2 million mainly comprised:

- Profit after tax on the residential projects of $23.9 million including Olympic Village/Newington ($8.0 million), Jacksons Landing ($6.7 million) and 155 Macquarie Street ($4.0 million).
- Net operating income of $9.9 million after tax from completed projects, including Darling Park rental ($7.7 million).
- Profit after tax on the sale of Darling Park Stages I and II of $2.5 million.
- A $2.9 million tax benefit from the restatement of Deferred Tax balances within the property development entities (due to prospective reduction in the Australian corporate tax rate).

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

PROPERTY DEVELOPMENT continued

PROFIT AFTER TAX continued

- A total loss after tax of $81.5 million on Lend Lease's 50% interest in Fox Studios which consisted of:
  - share of trading loss after tax to 30 June 2000 of $11.8 million;
  - expensing of previously capitalised development costs outside of the joint venture of $2.0 million after tax; and
  - a provision of $67.7 million after tax raised against the investment in Fox Studios.

  The total project which cost approximately $430.0 million was assessed as having a value of $200.0 million at 30 June 2000 which necessitated the provisions. The assessed value was based upon an independent valuation.
- A general provision of $13.0 million after tax raised against Australian development projects (initially raised at 31 December 1999).
- Other development profits after tax of $5.1 million.

The $4.9 million loss after tax in North America mainly related to costs to establish a US development business.

The profit after tax in Asia of $3.5 million mainly related to sales of the AIP factory units, offset by expenditure of $1.0 million after tax on Cempaka and business overheads. The June 1999 loss included provisions raised on AIP ($7.1 million), Tuas View ($7.1 million) and the payment of $8.0 million under a Lend Lease Corporation Limited guarantee for borrowings on the Li Fung project in China.

The European profit after tax of $62.9 million for the year to June 2000 mainly related to the divestment of 20% of Bluewater (10% to Prudential and 10% to Hermes) totalling $92.6 million, offset by business overheads, costs associated with prospective projects and provisions raised against the Overgate, Dundee ($7.2 million after tax).

Bluewater Sales

	Revenue		Profit After Tax		Inventory Balance at [4]	
					June 2000	June 2000
	GBPm	A$m	GBPm	A$m	GBPm	A$m
Sales in previous periods [1]	**395.9**	**1,029.0**	**70.0**	**183.0**		
Sales in year to June 2000						
Prudential - 10%	98.0	247.6	14.8	37.8		
Hermes - 10%	112.0	283.0	24.4	62.2		
	210.0	**530.6**	39.2	100.0		
Loan break costs [2]			(2.9)	(7.4)		
			36.3	**92.6**		
Committed sales for year ended June 2001						
Prudential - 10% [3] [4]					76.4	195.9
Retained 30% [4]					229.2	587.7
					305.6	**783.6**

(1) Including Prudential - initial 15%, development fees and Cinema, Retail Partnership - 25%.
(2) Relates to costs incurred in early repayment of Bluewater loan facilities.
(3) The details of the sale to Prudential are confidential.
(4) At cost.

SEGMENT ASSETS

The decrease in segment assets of $748.3 million to $2,049.2 million at 30 June 2000 (from $2,797.5 million at 30 June 1999), mainly related to the sale of 20% of Bluewater, the sale of 70% of the Overgate, Dundee and the sale of Darling Park I and II, offset by expenditures on development projects. This reduction in exposure to development projects over the last twelve months has been in line with the previously announced strategy of reducing property inventories.

Bluewater represented 45.5% ($783.6 million) of property development inventories on the Balance Sheet at 30 June 2000. A further 10% of Bluewater ($195.9 million) is subject to a committed forward sale to Prudential. Following this sale there will be a remaining inventory balance for Bluewater of $587.7 million. This relates to the 30% interest being retained by Lend Lease.

The balance of property development inventories ($938.9 million at 30 June 2000) primarily related to the three major projects in Sydney (Aurora Place/155 Macquarie Street, Jacksons Landing and Olympic Village/Newington).

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

PROPERTY DEVELOPMENT continued

SEGMENT ASSETS continued

The investment in the Fox Studios development of $25.0 million (net of provision and joint venture debt) is included in Investments and Receivables on the balance sheet.

Further details of the development projects can be found in the Group's Consolidated Financial Statements at 30 June 2000.

SIGNIFICANT EVENTS

Since 30 June 1999 there has been considerable leasing and disposition activity on the major projects (all statistics as at 30 June 2000):

Australia & Pacific

Project	Current Year Significant Events	Status
Aurora Place (88 Phillip Street)	• 78% of space leased in line with leasing plan.	• Key risks are successful leasing of high rise and capitalisation rate at exit. • Current plan to divest as soon as practical.
155 Macquarie Street	• All 62 residential units sold.	• Committed sale revenue to date exceeds costs. • No further valuation risks.
Darling Park	• Sold in June 2000	
Olympic Village/ Newington	• 75% of units released to market in Stages I and II are now sold.	• If current selling prices are maintained budgeted profits will be achieved. • Key risk is the strength of the Sydney residential market. • Project is of a staged nature which can be contracted or expanded in line with the prevailing market conditions.
Jacksons Landing	• 68% of total units released to market sold.	• Key risk is the strength of the Sydney residential market. • Project is of a staged nature which can be contracted or expanded in line with the prevailing market conditions.
Fox Studios	• 100% of total available space leased. • Opened on schedule in November 1999. • Trading in the Backlot tour since opening has been below budget. As a result a total loss of $81.5 million after tax from share of trading losses and provisions raised was incurred at 30 June 2000.	• Key risk is achieving the revised business plan for Backlot tour visitations. • Bent Street has been trading in line with expectations. • The working film studios are pre-booked for the next 2 years.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

PROPERTY DEVELOPMENT continued

SIGNIFICANT EVENTS continued

Europe

The market for retail centres is reasonably robust, particularly in Southern Europe. In the UK, investor demand for prime retail centres remains strong, although there has been a weakening in asset values in the secondary retail sector. This weakness in the UK has been largely due to concerns that the poor trading results reported by some retailers and increased supply of older retail space, may adversely impact rental levels and vacancy rates.

Project	Current Year Significant Events	Status
Bluewater, England	• First year Centre sales of GBP658.0 million. • Sale of 10% interest to Prudential in July 1999. • Sale of 10% interest to Hermes in July 1999. • Fully let at 30 June 2000. • Valuation of full Centre increased by 8.8% over the last 12 months to GBP1,234.5 million.	• Holding was 40% at 30 June 2000. • Additional 10% subject to pre-sale in July 2000 at agreed price. • Following the July 2000 sale, Lend Lease will retain a 30% interest in Centre and is entitled to a proportionate share of net operating income of the Centre. • Remaining risk relates to the capitalisation rate at exit on the final 30% interest.
Overgate, Dundee, Scotland	• Opened on schedule in March 2000. • Leased to 90% of total space (79% of rental value). • 70% interest sold to investors through a limited partnership structure. Sale is subject to adjustment if certain leasing targets and a minimum letting threshold are not met.	• The risks are the leasing of the remaining space at minimum rentals agreed with the investors. • Lend Lease 30% interest held through the limited partnership structure with the other investors.
Touchwood, Solihull, England	• 68% of space (43% of rental value) leased in line with leasing plan.	• Pre-sold to Lend Lease Retail Partnership at an agreed capitalisation rate. • The risks are the remaining leasing and completion of the Centre. • Due to open in September 2001.
Norwich, England	• Preliminary design for Centre being prepared. • House of Fraser signed as department store anchor tenant.	• No commitment to commence construction. • Planning approval expected by December 2000. • The only exposure at this stage is land acquisition costs and fees ($27.4 million).
Tres Aguas/Carlos III, Spain	• Joint venture (Lend Lease 50% interest) to develop regional retail centre established in July 1999. • Development facility put in place to finance construction costs.	• Agreements signed in respect of 9% of space and 6% by value. • Site preparation started with opening scheduled for September 2002. • Construction will not commence until minimum leasing commitments achieved. • The risks are the construction costs and the leasing and capitalisation rate at exit.
Leeds, England	• Development management agreement signed with USS Pension Fund for a new retail Centre.	• Phase I for design and feasibility study to be completed in December 2000. • Decision on development to be made at completion of Phase 1.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

BOVIS LEND LEASE (PROJECT AND CONSTRUCTION MANAGEMENT)

The principal activities of this business segment are real estate project management, project design and construction management.

Profit for the Bovis Lend Lease business is generally earned on a margin over cost basis. Construction costs are typically funded by progress payments from clients and accordingly the business does not require significant amounts of capital. The profitability of this business is most directly related to the level of construction activity and margins negotiated on a contract by contract basis.

Lend Lease acquired Bovis Group plc (Bovis) from the Peninsular and Oriental Steam Navigation Company (P&O) on 29 October 1999 for GBP285 million (A$730.8 million). The operating results of Bovis for the eight months since acquisition have been included in Lend Lease's result for the year.

RESULTS

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
Australia & Pacific	1,892.8	1,301.4	67.3	34.8	40.9	23.3	272.7	246.8
North America	2,912.7		16.7	(2.1)	10.6	(1.2)	1,415.9	
Asia	204.8	95.2	0.3	15.2	(2.2)	10.0	172.7	103.6
Europe	1,502.0	5.3	16.9	5.6	7.0	4.4	894.3	28.1
Total Bovis Lend Lease	**6,512.3**	**1,401.9**	**101.2**	**53.5**	**56.3**	**36.5**	**2,755.6**	**378.5**
% of Total Group	50.1%	34.0%	13.4%	10.4%	13.0%	8.7%	25.2%	5.2%

REVENUE

Revenue is up 365% to $6,512.3 million primarily due to the inclusion of 8 months of Bovis revenue. Without Bovis, Crystal and Lend Lease Actus, revenue would have been $2,016.7 million.

Revenue for the Australian business increased by 45.4% to $1,892.8 million for the year to 30 June 2000 which reflected the consistent high level of construction activity, particularly in Sydney with Olympics-related work.

The North American revenue mainly related to the acquired Bovis business as well as $5.8 million for the Lend Lease Actus joint venture formed in August 1999 to focus on military housing for the US Defence Department.

Revenue for the Asian business increased by 115.1% to $204.8 million for the year to 30 June 2000 which predominantly reflected the acquired Bovis business as well as increased construction activity on the Coca-Cola contracts in India.

The European revenue included the acquired Bovis business and $35.0 million for the Crystal Group, which was acquired in January 1999.

The acquisition of Bovis has resulted in a more globally diversified business when compared to the Pre-Existing business. The table below provides a geographic split of the revenue streams.

	Bovis Lend Lease % (1)	Pre-Existing Business % (2)
Australia and Pacific	22%	92%
North America	50%	
Asia	2%	7%
Europe	26%	1%
Total	**100%**	**100%**

(1) Approximate split after annualising the 8 months of actual Bovis revenues for the June 2000 year.
(2) Based on the June 1999 year actual revenues.

Bovis Lend Lease enters into a wide variety of types of contract, from contracts where only its fee is recorded as revenue to contracts where the full value of the project, including third-party costs, is recorded as revenue. For this reason, recorded revenues do not necessarily provide a good measure of the volume of work undertaken and the ratio of operating profit to revenue is not considered to be a useful measurement of profit margin. In future, gross profit margin (refer to Definitions) will be used to measure profitability.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

BOVIS LEND LEASE (PROJECT AND CONSTRUCTION MANAGEMENT) continued

PROFIT AFTER TAX

Bovis Lend Lease's contribution to the Group's operating profit after tax was $56.3 million for the year to 30 June 2000, a 54.2% increase on the year to 30 June 1999 earnings of $36.5 million. This is due primarily to strong growth from the Australian business and the inclusion of Bovis' earnings since 29 October 1999, offset by a loss in Asia.

Profit after tax for the Australian business was $40.9 million for the year, a 75.5% increase compared to $23.3 million in June 1999. The increase reflected the combination of higher construction activity and a number of large projects completed or near to completion during the year. The result excluded $7.7 million after tax in respect of projects in which Lend Lease holds an equity interest (such as Aurora Place, Olympic Village and Fox Studios). Under Australian accounting rules the profits are excluded from the results until the equity interests in those projects are sold. The sale of Lend Lease's interest in Darling Park resulted in the inclusion of $4.6 million after tax in the June 2000 profit, in respect of construction profits earned on this project in previous financial years. Excluding integration and related costs of $4.7 million, profit after tax of the Australian business would have been $45.6 million.

The profit after tax of $10.6 million for the year for the North American business reflected the inclusion of Bovis after deducting a loss of $4.0 million after tax for the Lend Lease Actus joint venture and US establishment costs prior to the Bovis acquisition. The June 1999 after tax loss of $1.2 million reflected US establishment costs. Excluding integration and related costs and corporate overhead reallocations totalling $3.8 million and the establishment costs of the Lend Lease Actus and Lend Lease Projects businesses in that region of $4.0 million, the Bovis Americas business earned $18.4 million after tax for the period to June 2000, which was in line with expectation.

The loss after tax for the Asian business was $2.2 million for the year, compared to a profit after tax of $10.0 million in June 1999. This reflected lower margins on contracts since the recent Asian economic downturn and the early stages of the majority of the current workload. Profits from these projects are expected to emerge over the next one to two years. The inclusion of Bovis had a slightly negative impact on the results for the Asian business as the Bovis business traded at a loss due to the recent downturn in that region. The June 1999 period included profits on the completion of a number of large construction contracts, including the release of project warranty provisions that were no longer required by that region. Excluding integration and related costs, the Asian business broke even.

The profit after tax of $7.0 million for the European business mainly related to the inclusion of Bovis, with Crystal producing a break even operating result. After adding back integration and related costs and corporate overhead reallocations totalling $4.3 million, the European business earned $11.3 million after tax for the period to June 2000 which was in line with expectation.

The profit after tax of $56.3 million for the year included Bovis for the eight months since acquisition. The result was determined after charging expenses of approximately $9.1 million after tax for integration and related costs. The integration process will be finalised in 2001. Additional integration costs will be incurred in that year which are anticipated to be slightly higher than the amount incurred for the year to June 2000. Furthermore, Bovis Lend Lease received an additional charge of $6.0 million after tax in the year to June 2000 in respect of reallocated corporate overhead costs, which were partly acquisition related.

Bovis Lend Lease also contributed net interest earnings of $14.1 million after tax which is included in the Corporate Group Treasury result. Bovis Lend Lease generates surplus working capital which then earns interest income for the Group or is lent to other parts of the Lend Lease Group thereby reducing the level of interest expense for the Group. Bovis Lend Lease generated interest earnings of $5.8 million after tax in addition to which the Group's interest expense was reduced by $8.3 million after tax.

The following table indicates the profit after tax by region after adjusting for the benefits of the positive working capital balances.

ADJUSTED PROFIT AFTER TAX

	Segment Profit/(Loss) After Tax June 2000 $m	Add Interest After Tax June 2000 $m	Adjusted Profit/(Loss) After Tax June 2000 $m
Australia & Pacific	40.9	6.6	47.5
North America	10.6	3.2	13.8
Asia	(2.2)	1.7	(0.5)
Europe	7.0	2.6	9.6
Total Bovis Lend Lease	**56.3**	**14.1**	**70.4**

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

BOVIS LEND LEASE (PROJECT AND CONSTRUCTION MANAGEMENT) continued

SEGMENT ASSETS

Segment Assets increased from $378.5 million at 30 June 1999 to $2,755.6 million at 30 June 2000 which mainly reflected the acquisition of Bovis in October 1999.

BOVIS ACQUISITION

At the time of acquisition, Bovis had approximately 5,300 employees and operated in 38 countries, including a strong presence in the UK, Continental Europe and the USA, as well as operations in the Asia Pacific region, including Australia. The acquisition extends Lend Lease's real estate project management, design and construction management capabilities globally, particularly to Europe and the USA. It has significantly accelerated the creation of a multi-country, multi-industry project management, design and construction management operation, and will considerably enhance the overall real estate strategy by adding recurrent profit streams, global scale and capacity, a global brand, an enhanced client pipeline and the ability to leverage other Lend Lease real estate capabilities. The Bovis Group's industry/ client/geographic diversification are expected to result in less earnings volatility in the project management business.

Total integration and strategic positioning costs are expected to be in the order of up to $35 million after tax, including the amount of $14.1 million included in the capitalised cost of acquisition. The integration initiatives are planned to be completed in 2001 and include re-organisation of management, elimination of duplicated processes and functions, rationalisation of technology infrastructure, establishment of shared services with the wider Lend Lease Group, consolidation of offices and knowledge and skill sharing initiatives.

The estimated contribution of the acquired Bovis business is set out below.

	$m
Underlying profit after tax of Bovis (1)	**38.8**
Less: integration costs (after tax) (2)	(5.6)
Cash earnings	**33.2**
Less: goodwill amortisation (after tax)	(23.4)
Profit after tax from Bovis for June 2000 (3)	**9.8**

(1) Eight months since acquisition only. Includes interest income earned by Bovis of $5.7 million after tax.
(2) Includes integration and related costs in respect of the Bovis business only.
(3) Excluding financing costs.

Since 31 December 1999, a detailed review has been carried out in order to align the Bovis Group's accounting policies and methods with those adopted by Lend Lease. This review has resulted in a reduction of $55 million in the net tangible assets acquired which resulted in an increase in goodwill. Management does not believe that these adjustments will affect the on-going operating cash profitability of the business as envisaged at the time of acquisition. Following the review, management believes that the reserves and provisions made in respect of the Bovis business are adequately stated.

Working Capital

The Bovis Lend Lease business is a significant generator of cash. The amount of cash and cash equivalents attributable to Bovis Lend Lease at 30 June 2000 was $527.7 million, which compared to $343.4 million at 30 June 1999. The increase mainly related to the acquired Bovis business. The amount of cash in the Australian business has reduced since 30 June 1999 as a result of the completion of a number of large Sydney-based projects.

Bovis Lend Lease Business Mix

The Bovis Lend Lease business can be segregated into two broad contract categories:

- Fee Services Contracts (low risk)
- Construction Services Contracts (delivery risk accepted)

Historically, approximately 60% of the acquired Bovis' profit has been derived from fee services contracts. The majority of Lend Lease Projects' profit has historically been from construction services contracts.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

BOVIS LEND LEASE (PROJECT AND CONSTRUCTION MANAGEMENT) continued

BOVIS ACQUISITION continued

Fee Service Contracts (Low Risk)

Under fee services contracts, Bovis Lend Lease provides management services on construction projects for clients.

Under a standard form of fee services contract, Bovis Lend Lease has no contractual responsibility for cost. Fees negotiated for this type of business usually represent a lower margin than those received for construction services contracts reflecting the lower level of risk involved.

Bovis Lend Lease enters into a number of types of fee services contract, including project management/program management and construction management/management contracting as well as customer alliances.

Construction Services Business (Delivery Risk Accepted)

Under a construction services contract, Bovis Lend Lease commits to the delivery of a completed project to its client, in accordance with negotiated time, cost and quality specifications. Typically, Bovis Lend Lease will be paid a fixed fee for its services or a fee which is linked to the ultimate size of the contract. In addition, incentives are sometimes negotiated under this type of contract. This business may involve Bovis Lend Lease undertaking some performance risk. Given the increased risk profile of such projects, a higher contract margin is typically negotiated on this type of contract.

Bovis Lend Lease enters into a number of types of construction services contracts including Guaranteed Maximum Price, Design and Build, Lump Sum and BOT/PFI.

Gross Margin by Contract Type

The following table shows the mix of the two contract categories for Bovis Lend Lease for the year ended 30 June 2000 for each of the geographic regions on the basis of gross contract margin (refer to Definitions).

	Fee Service Contracts %	Construction Services %	Total %
Australia & Pacific	1.6%	34.7%	36.3%
North America	13.9%	10.2%	24.1%
Asia	5.7%	3.2%	8.9%
Europe	22.8%	7.9%	30.7%
Total Bovis Lend Lease (1)	**44.0%**	**56.0%**	**100.0%**

(1) Only includes the eight months since acquisition for the acquired Bovis business.

Particular emphasis is given to establishing long term recurrent revenue streams. The opportunity to do this is enhanced by the strong client relationships established by Bovis through its client management approach. For the year to 30 June 2000 almost 70% of the profits generated were from clients to whom the Company had previously provided services.

These long term recurrent revenue streams will come from multiple initiatives that include client alliances and integrated Lend Lease real estate services.

Private Finance Initiatives (PFI) and Infrastructure Investments

Build, Operate, Transfer (BOT)/PFI contracts are a developing part of the Bovis Lend Lease business and involve the partnership of various companies and sector specialists who together design, build, finance and operate major facilities over a number of years, before handing them over to another party or public ownership. BOT type contracts are particularly suited to major infrastructure projects developed by governments. BOT/PFI projects are normally non-recourse projects, which are primarily financed using debt, with equity and mezzanine finance comprising the difference. Bovis Lend Lease participates in the equity finance component of a BOT/PFI project. The returns from any equity participation are paid, subject to performance, during the life of the project. Bovis Lend Lease's equity contribution to PFI's in the UK is $1.0 million for the construction of two hospitals. Bovis Lend Lease has contributed $19.0 million equity in a BOT project - the construction of the Da Chang Water Treatment Plant in China.

Profits to date from the PFI initiatives are minimal with the first PFI project (Calderdale Hospital) being 56% complete and the second project (Worcester Hospital) being 36% complete. The third PFI project (Treasury) is yet to be started with Bovis Lend Lease being awarded this project in June 2000.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

BOVIS LEND LEASE (PROJECT AND CONSTRUCTION MANAGEMENT) continued

BOVIS ACQUISITION continued

Private Finance Initiatives (PFI) and Infrastructure Investments continued

Further resources are being committed to this initiative and growth from this sector is anticipated in the future.

Bovis Lend Lease's role in BOT/PFI contracts is primarily that of principal contractor which involves taking design and build risk. Typically a higher margin is earned due to the more complex risk profile of these projects.

NEW WORK SECURED/BACKLOG

Two key business measures are New Work Secured and Backlog Profit Margin. New Work Secured is measured in terms of the expected revenue to be earned from contracts committed during the year. Backlog Profit Margin is the forecast gross profit margin to be earned from the total contracts committed at the end of a period. Operating profit before tax is determined by deducting indirect overhead from the gross profit margin.

The following table provides a summary of New Work Secured (Note - only contracts secured since 29 October 1999 have been included for the acquired Bovis business) and the Backlog Profit Margin at 30 June 2000.

	New Work Secured to June 2000 $m	Backlog Profit Margin at June 2000 $m
Australia & Pacific	920	47
North America	2,914	181
Asia	419	23
Europe	1,488	231
Total	**5,741**	**482**

New work secured for the year to June 1999 was $2,125 million and related to the Australian and Asian Pre-Existing project management business. This compares to $5,741 million for June 2000. The committed backlog revenue (previously forward workload) for the total Bovis Lend Lease business at 30 June 2000 was $7.8 billion.

Profits arising from the Backlog are typically earned within a year to eighteen months of the Backlog date, although in some cases this might take up to four years.

Total value of the projects currently under management by the Bovis Lend Lease Group is approximately $35.0 billion with operations in 42 countries.

SIGNIFICANT EVENTS

- Bovis Lend Lease extended its existing agreement with BP Amoco plc (BP) during the year. Bovis Lend Lease is to manage the BP retail outlet building program across 14 countries over the next five years. The program will involve the construction of over 1300 new outlets in Europe, USA and Japan. It extends by a further five years the three-year agreement awarded to Bovis in April 1997 to manage a major expansion program of new BP retail outlets in Europe. The agreement includes an on-going maintenance program on new and existing stations. An additional agreement has been awarded in the USA to rebadge the facilities in that region.
- Recent increased demand for semi-conductor chips has resulted in an upturn in activity for the Bovis Lend Lease Microelectronics business. The group has recently completed its first lump sum contract in Taiwan for WIN semi-conductors and recently been awarded two design and engineering contracts in Shanghai, China for Phillips LCD and two for SMIC.
- Bovis Lend Lease acquired 100% of Project Consultants Inc. in June 2000 for USD3.4 million. Project Consultants Inc. is based in California and is a provider of design, project and construction management, and tool hook up services to the microelectronics industry. The acquisition will complement the Crystal business acquired in January 1999 which operates within Europe and North Asia.
- The Lend Lease Actus joint venture was formed in August 1999 to focus on major integrated real estate initiatives comprising the development, finance, design and construction of military housing for the US Department of Defence. Lend Lease Actus has been selected through competitive tender to enter into exclusive negotiations with the US Government on the privatisation of Fort Hood, which includes rehabilitation and reconstruction of over 4000 existing units (a capital spend expected to exceed USD250 million), and ongoing management for a period of 50 years. Lend Lease Actus is also responsible for a number of other smaller contracts with the US Department of Defence.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

REAL ESTATE continued

BOVIS LEND LEASE (PROJECT AND CONSTRUCTION MANAGEMENT) continued

SIGNIFICANT EVENTS continued

- The Jacobs Lend Lease joint venture has secured four major pharmaceutical projects for major multinational clients in Singapore. The services generally provided are engineering, procurement, construction management and validation. The joint venture had projects to the value of USD1.0 billion under management at 30 June 2000.
- The UK business was awarded the GBP112.0 million UK Government's Treasury Building PFI project in London in June 2000. The project involves 46,500 sq. ft. being refurbished for occupation by the Treasury department in August 2002.
- The business has contributed significant resources to prepare for the significant changes expected to arise from business to business (B2B) initiatives in the industry. The Arrideo e-business joint venture announced on 25 July 2000 is a joint venture between AMEC, Balfour Beatty, Bovis Lend Lease, Kvaerner, John Laing and AECventure, the global B2B industry exchange.

DEFINITIONS

New Work Secured - for the Bovis Lend Lease business this measure represents the estimated contract revenue to be earned by Bovis Lend Lease from property projects secured during the year. When formal contracts are signed, the new work secured becomes part of Backlog. New Work Secured was previously referred to as Sales.

Backlog Revenue – represents the balance of work to be completed under existing construction contracts. As the construction contracts are progressively completed, backlog revenue declines. As new work is secured and contracts signed, backlog revenue is replenished.

Backlog Profit Margin - represents the expected gross profit margins to be earned from the balance of work to be completed under existing construction contracts. As the construction contracts are progressively completed, backlog profit margin declines. As new work is secured and contracts signed, backlog profit margin is replenished.

Gross Profit Margin - represents total project revenue less direct project related costs such as payments to sub-contractors and other costs incurred by Bovis Lend Lease that are directly attributable to the project. It does not include the allocation of any general (or indirect) overheads. Operating profit before tax is determined by deducting indirect overheads from gross profit margin.

FINANCIAL SERVICES

The principal activities of this business segment were:

- Funds Management operations, including superannuation and investment services for both retail and corporate clients; management of investment and unit trusts; investment management and portfolio management services for corporate and institutional clients;
- Life Insurance operations covering traditional life insurance business and wealth protection;
- Funds Administration businesses which operate as fund administrators, providing customers with the ability to direct their investments to fund managers and investment products of their choice (not just MLC), with the fund administrators providing one point of service for their customers; and
- Investment Management which provides strategic investment advice, asset management and investment portfolio management services.

CONSOLIDATION OF STATUTORY FUNDS PROFITS

The Group's Consolidated Financial Statements at 30 June 2000 include the Statutory Funds of MLC Limited (MLC) and MLC Lifetime Company Limited (MLC Lifetime). The inclusion of the Statutory Funds is required under the Australian Accounting Standard AASB1038 Life Insurance Business (AASB1038) which was made effective from 1 July 1999.

As MLC and MLC Lifetime were sold to NAB on 30 June 2000, the balance sheets of the Statutory Funds have not been included in the Group's Consolidated Financial Statements at 30 June 2000. However, the revenues and expenses of the Statutory Funds for the year have been included as required by AASB1038.

The requirement to consolidate the profits of the Statutory Funds has a material effect on how the financials are reported though this had no impact on the operating strength of Lend Lease.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

FINANCIAL SERVICES continued

CONSOLIDATION OF STATUTORY FUNDS PROFITS continued

The consolidation of the profits of the Statutory Funds had the following impacts on the Financial Statements:

- Operating revenue increased by $3.4 billion.
- Operating profit before tax increased by $166.0 million.
- The Group's extraordinary profit from the sale was $1.5 billion higher than it would have been prior to the introduction of AASB1038. This is due to the Shareholders Equity of the Lend Lease Group being reduced by $1.5 billion on 1 July 1999. This is a result of the following:
  - The investment in MLC and MLC Lifetime was previously recorded (30 June 1999) at the embedded value of $1,852 million in the Consolidated Balance Sheet. This has been reversed against:
    - the elimination of the Asset Revaluation Reserve ($1,054 million); and
    - an adjustment to retained earnings ($456 million) (refer to Note 24 of the Consolidated Financial Statements for further details).
  - This is an accounting issue only and did not effect the amount of cash received on the sale or the amount of tax to be paid.

  Care needs to be taken when interpreting the consolidation of the Statutory Funds. Assets and liabilities of the Statutory Funds are subject to the provisions of the Life Insurance Act 1995 (the "Life Act"), as described below.

  The products offered by MLC and MLC Lifetime were allocated to separate Statutory Funds established under the Life Act. MLC had four Statutory Funds, whilst MLC Lifetime has one Statutory Fund. Each Statutory Fund included all the assets and liabilities that related to the business conducted in that Statutory Fund. The assets of the Statutory Funds were legally owned by MLC and MLC Lifetime (both 100% owned subsidiaries of Lend Lease) and the liabilities of the Statutory Funds were legal obligations of MLC and MLC Lifetime. Under Australian law, MLC and MLC Lifetime were required to keep the assets of each Statutory Fund distinct and separate from the assets of each other Statutory Fund and any other assets of MLC and MLC Lifetime, and the assets of each Statutory Fund were available only to satisfy the liabilities and expenses relating to that Statutory Fund. In general, subject to the rights to allocate and distribute profits (refer Financial Statements), this meant that the assets of any Statutory Fund were not available to meet any liabilities or expenses of MLC or MLC Lifetime outside that Statutory Fund (including those in the other Statutory Funds) and that the assets included in a Statutory Fund could not be applied by MLC or MLC Lifetime for any purpose other than conducting the class of business carried on within that Statutory Fund. The liabilities relating to a Statutory Fund (ie, those which can be satisfied from the assets of the fund) included essentially all liabilities incurred by MLC or MLC Lifetime in connection with the operation of the business conducted by that Fund. Statutory Fund assets could only be used for distributions of a profit to the shareholder when solvency and capital adequacy requirements were met and otherwise in accordance with the regime set out in the Life Act.

  Given the restrictions imposed by the Life Act, the Directors are of the opinion that the inclusion of the profits of the Statutory Funds in the Consolidated Financial Statements of Lend Lease as required by the Australian Accounting Standards may lead to a distorted impression of the Group's result. Whilst the Directors recognise the importance of complying with Australian Accounting Standards, it has been considered prudent to restate some of the financials in order to provide what is considered by the Directors to be a more useful view. The Appendix in this statement consists of a Profit and Loss Statement prepared on a consistent basis to that of previous years, ie prior to the introduction of AASB1038 Life Insurance Business. Note 28(e) of the Consolidated Financial Statements contains a Cash Flow Statement prepared on a consistent basis to that of previous years.

Lend Lease sold its Financial Services Businesses to NAB on 30 June 2000 for $4.6 billion realising an after tax extraordinary profit of $3.1 billion. The businesses sold include the 100% interest in Godfrey Pembroke (acquired on 15 July 1999 for $40.0 million), the 55% interest in the Hong Kong-based Canadian Eastern Life Assurance (CEF Life) (acquired on 21 October 1999 for A$250.0 million), and the 55% interest in the Thailand based Advance Assurance (acquired on 11 April 2000 for A$24.1 million).

As the businesses were sold on 30 June 2000, the full year operating profits have been included in the Lend Lease consolidated result for the year ended 30 June 2000.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

FINANCIAL SERVICES continued

RESULTS

The operating results of the Financial Services business are summarised in the table below.

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
Australia & Pacific								
Funds Management								
Statutory Funds (1)	2,992.6	129.0	226.4	129.0	122.8	129.0		
Other (2)	193.1	334.3	29.0	7.6	9.6	6.0		1,723.4
Life Insurance								
Statutory Funds (3)	593.0	47.1	136.4	47.1	73.6	47.1		
Other (4)			(4.1)	(1.1)	(2.7)	(1.9)		509.2
Funds Administration (5)	84.1	39.5	10.8	(0.8)	7.9	(2.8)		57.4
Investment Management	43.8	43.8	22.0	32.4	14.1	20.7		21.3
Total Australia & Pacific	**3,906.6**	**593.7**	**420.5**	**214.2**	**225.3**	**198.1**		**2,311.3**
Asia (6)								
Statutory Funds (7)	156.3		7.5		7.5			
Financial Services		12.2	(2.6)	5.2	(2.2)	2.4		11.7
Total Financial Services	**4,062.9**	**605.9**	**425.4**	**219.4**	**230.6**	**200.5**		**2,323.0**
% of Total Group	31.2%	14.7%	56.3%	42.5%	53.4%	47.7%		31.9%

(1) Funds Management is mainly conducted through the Statutory Funds of MLC Limited. The June 1999 result relates to the profit transferred from the Statutory Funds to the Shareholders' Fund. The June 2000 result relates to Lend Lease's share of the profit earned by the Statutory Funds.
(2) Funds Management Other relates to contributions from the Shareholders' Fund of MLC Limited, MLC Investments Limited, Lend Lease Corporate Services Limited, Lend Lease Advisor Services Limited, Lend Lease Financial Planning Limited and Medfin Australia Pty Limited.
(3) The Life Insurance business is conducted through the Statutory Fund of MLC Lifetime Company Limited. The June 1999 result relates to the profit transferred from the Statutory Fund to the Shareholders' Fund. The June 2000 result relates to Lend Lease's share of the profit from the Statutory Fund.
(4) Life Insurance Other relates to overheads recharged to the Shareholders' Fund of MLC Lifetime.
(5) Funds Administration business comprises Your Prosperity Limited, FlexiPlan Australia Limited, Godfrey Pembroke Financial Services Limited and Plum Financial Services Limited.
(6) Asian Financial Services is conducted through the 55% interest in CEF Lend Lease Life Assurance in Hong Kong, the 80% interest in PT Simas Lend Lease Life and the 50% interest in BII Lend Lease Investment Services (both in Indonesia), and the 55% interest in Advance Assurance (in Thailand).
(7) The Asian Statutory Funds relate to the revenues and profits of the CEF Life, Simas and Advance Assurance policyholders, on a similar basis to the Statutory Fund of MLC Lifetime.

REVENUE

The increase in total operating revenue to $4,062.9 million for the year to 30 June 2000 as compared to $605.9 million for the year to June 1999, is primarily a consequence of consolidating the revenue of the Statutory Funds for the first time, including investment income, premium revenue and management fees.

PROFIT AFTER TAX

Financial Services contributed $230.6 million to Lend Lease's operating profit after tax for the year to 30 June 2000, an increase of 15.0%, compared to $200.5 million for the year to 30 June 1999. The results for both June 1999 and 2000 included the following items:

June 1999

- a tax refund of $10.0 million (refer Funds Management below);
- incentive fees of $4.0 million after tax (refer Investment Management below);
- a $24.0 million release of retained earnings from the MLC Statutory Funds (refer Funds Management below); and
- profits of $29.0 million after tax from the revaluation of subsidiaries.

June 2000

- an increase in the segment profit after tax of $14.0 million due to the elimination of corporate recharges, as a result of the consolidation of the Statutory Funds. (The exclusion of corporate recharges from Financial Services increased Corporate Group Services overheads by an equal amount.);
- a one-off profit of $18.0 million after tax (refer Life Insurance below); and
- profits of $25.9 million after tax from the revaluation of subsidiaries.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

FINANCIAL SERVICES continued

PROFIT AFTER TAX continued

June 2000 continued

Excluding the one-off items, on a like for like basis, the operating profit after tax in June 2000 was $198.6 million compared to $162.5 million in June 1999, an increase of 22.2%.

Funds Management

The profit after tax from the funds management business decreased 1.9% to $132.4 million (1999 $135.0 million). The result reflected:

- An increase in funds management fees earned as a result of an 16.2% growth in funds under management since 30 June 1999.
- Significantly higher expenditure on IT, compliance and strategic business initiatives.
- A profit contribution of $9.0 million after tax from Medfin Australia Pty Limited (Medfin), mainly arising from the revaluation of the investment in Medfin ($7.0 million after tax).
- A $5.9 million after tax contribution from the revaluation of the investment in CEF Life, which was mainly due to foreign exchange movements since acquisition.
- The June 1999 result included a tax refund of $10.0 million following a favourable ruling from the Australian Taxation Office in respect of prior years. The June 1999 result also included the release of $24.0 million of retained earnings from the MLC Statutory Funds which was used to fund business re-design and development expenditure.

Life Insurance

The profit after tax from life insurance for the year to 30 June 2000 was $70.9 million, an increase of 56.9% compared to $45.2 million for the year to 30 June 1999. The increase mainly related to two significant profit items totalling $18.0 million after tax in June 2000 as follows:

- Lower tax on reinsurance transactions in prior years ($10.0 million); and
- Higher interest on shareholder capital and undistributed earnings due to larger investment earnings ($8.0 million).

Funds Administration

An operating profit after tax of $7.9 million was derived in the year to 30 June 2000 (June 1999 $2.8 million loss) which reflected:

- An increase in fees earned as a result of a 89.5% growth in Funds Under Administration since 30 June 1999 (excluding acquisitions);
- Additional revenues earned on $0.8 billion of Funds Under Administration following acquisition of Godfrey Pembroke;
- A $12.0 million profit after tax (June 1999 $10.0 million) from the revaluations of the investments, which included FlexiPlan of $30.0 million after tax (June 1999 $20.1 million) and Plum of $7.0 million after tax (June 1999 $10.0 million devaluation), offset by a devaluation of the investment in Godfrey Pembroke of $25.0 million after tax (June 1999 nil). The devaluation of Godfrey Pembroke reflects the decision to close the Heritage Funds to new business and to make FlexiPlan the primary vehicle for the funds administration business written by Godfrey Pembroke advisors. This had the impact of increasing the value of FlexiPlan by an equivalent amount; and
- Significant expenditure on growing the funds administration businesses of $30.4 million after tax (June 1999 $25.7 million) on FlexiPlan, Plum, Your Prosperity and other initiatives, which were expensed in the year to 30 June 2000 though much of the benefit will emerge in future years.

Investment Management

- The profit after tax from Investment Management for the year to 30 June 2000 was $14.1 million, compared to $20.7 million for the year to 30 June 1999. The decrease mainly reflected $4.0 million after tax of incentive fees received in the year to 30 June 1999 which did not occur in the current year.

Asia

- The profit after tax from Asian operations of $5.3 million for the year to 30 June 2000 (June 1999 $2.4 million) mainly comprised operating profits of CEF Life ($8.0 million after tax) offset by overhead costs in building the Asian Financial Services operations.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

FINANCIAL SERVICES continued

FUNDS UNDER MANAGEMENT AND ADMINISTRATION

Funds under management and administration increased by 23.0% to $34.8 billion at the 30 June 2000 disposition date compared to June 1999 ($28.3 billion):

	Growth June 1999 to June 2000 %	June 2000 $b	June 1999 $b
Funds Under Management	16.6	26.0	22.3
Life Insurance and Wealth Protection	7.3	4.4	4.1
Funds Under Administration	131.6	4.4	1.9
	23.0%	**34.8**	**28.3**

The growth of 131.6% in Funds Under Administration was mainly due to FlexiPlan and the acquisition of Godfrey Pembroke. A large proportion of the funds under management growth was due to the strong investment earnings during the year. The funds under management exclude the component related to the Property Securities investment management business retained by Lend Lease (refer Real Estate Investments section on page 11).

ACCOUNTING TREATMENT OF ASSETS HELD IN SHAREHOLDERS' FUND OF MLC LIMITED

Under applicable Australian regulations, investments held in the Shareholders' Fund of Life Insurance entities are valued at their net market value with any gain or loss recorded in the profit and loss statement. This accounting treatment added $25.9 million to Lend Lease's profit after tax for the year to 30 June 2000 (1999 $29.0 million).

Under this accounting treatment, no goodwill on acquisition was recognised and no annual amortisation charge was recorded in relation to controlled entities acquired by either MLC or MLC Lifetime.

For entities that are not life insurers, unrealised gains on investments are only able to be recognised in the financial statements as an increase in the Asset Revaluation Reserve and not as part of earnings. Unrealised losses are recorded in the profit and loss account.

INVESTMENTS

IT+T INVESTMENTS

These investments related to holdings in information technology (IT) and telecommunication services companies which provide an IT service to corporations and governments.

Results

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
Australia & Pacific								
IBM Global Services Australia (IBMGSA)	11.6	13.8	11.6	13.6	7.4	11.8	44.8	40.5
Other investments	75.4	11.7	52.0		33.2		52.1	53.6
Expenses			(4.0)	(3.4)	(2.5)	(2.6)		
Total IT+T Investments	**87.0**	**25.5**	**59.6**	**10.2**	**38.1**	**9.2**	**96.9**	**94.1**
% of Total Group	0.7%	0.6%	7.9%	2.0%	8.8%	2.2%	0.9%	1.3%

Profit After Tax

IT+T Investments contributed $38.1 million for the period, which reflected the sale of the investments in Sitel and Advantra, offset by lower income from the investment in IBMGSA.

Distributions from IBMGSA totalled $11.6 million before tax, which relate to royalty payments. No dividend was received from IBMGSA. There were no dividends expected or received from Sitel, coolsavings.com or Advantra during the year.

Lend Lease sold its interest in Advantra to Telstra for $27.0 million during the year, which realised a profit after tax of $13.2 million.

The investment in Sitel was sold for $48.4 million during the year, which realised a profit after tax of $20.1 million.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

INVESTMENTS continued

IT+T INVESTMENTS continued

Profit After Tax continued

An additional investment was made in coolsavings.com during the year to June 2000 of USD8.4 million ($14.0 million), taking Lend Lease's fully diluted share to 27.8%. coolsavings.com listed on 19 May 2000, at a price of USD7.00 per share. Lend Lease did not sell any of its existing shares at the time of listing. The share price at 30 June 2000 was USD6.00 per share. The cost of Lend Lease's investment in coolsavings.com equates to approximately USD2.59 per share.

Segment Assets

Segment assets consists of investments in coolsavings.com ($47.0 million), IBMGSA ($42.8 million) and small investments in internet- based business ventures.

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.

Results

	Operating Revenue		Operating Profit Before Tax		Operating Profit After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
Australia & Pacific								
Sales of Investments								
Hoyts Cinemas		28.4		2.6		2.1		
Westpac Banking Corporation:								
- sale of shares subject to Hedge Arrangements	149.4		93.0		62.6			
- dividend income from shares subject to forward sale	24.0	45.0	24.0	45.0	24.0	45.0		
Mirvac	44.2		16.4		10.8			
Dividend Income								
Westpac Banking Corporation		1.0		1.0		1.0	93.7	148.9
Hoyts Cinemas		0.5		0.5		0.5		
Mirvac	1.0	2.4	1.0	2.4	1.0	2.2		27.4
Total Equity Investments	**218.6**	**77.3**	**134.4**	**51.5**	**98.4**	**50.8**	**93.7**	**176.3**
% of Total Group	1.7%	1.9%	17.8%	10.0%	22.8%	12.1%	0.9%	2.4%

Profit After Tax

Equity Investments' contribution to the profits of the Group was $98.4 million for the year to 30 June 2000, compared to $50.8 million for the year to 30 June 1999. The increase was mainly due to the sale of Lend Lease's interest in Mirvac Limited for a profit after tax of $10.8 million and the realisation of $62.6 million profit after tax in respect of the hedged Westpac shares.

The June 2000 result includes the final dividend received under the 100 million Westpac warrants of $24.0 million.

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 $10.05 per share price. The Arrangements involved Lend Lease receiving approximately $402.2 million in cash (as collateral under the Arrangements). The Arrangements locked-in an unrealised profit of $165.0 million after tax which is not recognised until the Arrangements are terminated, the timing of which is at Lend Lease's discretion. One consequence of the Arrangements is that Lend Lease no longer receives the dividends and franking credits from the 40 million shares.

During the year Lend Lease terminated the Arrangements over 15 million of the Westpac shares. The termination resulted in a $62.6 million profit after tax which approximated the total Group amortisation charge for the year ended 30 June 2000 of $55.7 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. It is the Directors' current intention to adopt a similar policy for the financial year ended 30 June 2001.

The Arrangements continue over the remaining 25 million Westpac shares effectively locking-in an unrealised profit of $102.4 million after tax.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

CORPORATE

The principal activities of the Corporate segment are Group Services which includes corporate administration services and Group Treasury which encompasses all financing costs that are not directly related to a real estate development project, irrespective of where those costs are incurred. Amortisation charges are also included within Corporate.

GROUP SERVICES

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
Group Services								
Corporate Services	19.5	30.1	(51.4)	(47.4)	(30.4)	(33.9)		
Group IT Costs			(31.1)	(23.1)	(19.9)	(14.8)		
Group overheads	**19.5**	**30.1**	**(82.5)**	**(70.5)**	**(50.3)**	**(48.7)**		

Corporate Services

The loss after tax of $30.4 million for the year to 30 June 2000 mainly reflected:

- An additional tax expense of $3.1 million in relation to the restatement of Deferred Tax balances within the Corporate Group Services entities (due to prospective reduction in the Australian corporate tax rate);
- The inclusion in June 2000 of $14.0 million in relation to corporate overheads that were previously recharged to the Financial Services business. This is offset by an equal increase in the profit for the Financial Services business.
- Costs incurred in implementing a global HR system of $6.1 million after tax.

The decrease in the loss after tax from 1999 mainly reflected increased recharges to Lend Lease's operating businesses. A number of initiatives have been introduced towards the end of the June 2000 year which will reduce group overheads in the future.

Group IT Costs

Group IT costs, which exclude IT costs incurred directly by the operating businesses, increased from $14.8 million after tax for the year ended 30 June 1999 to $19.9 million after tax for the year ended 30 June 2000. The increase reflected an increase in corporate costs on Year 2000 and other Group IT investments, such as knowledge sharing and customer relationship systems.

GROUP AMORTISATION

	Amortisation Charge	
	2000 $m	1999 $m
Management Agreements		
ERE Yarmouth	7.5	7.5
Boston Financial Group	2.6	
MLC Investments	0.2	0.2
Lend Lease Mortgage Investment	1.2	
GPT	0.9	0.9
	12.4	**8.6**
Goodwill		
Bovis	23.4	
Boston Financial Group	1.0	
ERE Yarmouth	2.4	2.3
COMPASS		1.5
Rosen Consulting Group	1.3	0.4
MLC	5.4	
Crystal Group	0.8	0.3
Lend Lease Mortgage Investment	2.4	
Larry Smith	3.4	0.3
	40.1	**4.8**
Crystal patent and semiconductor contracts	**3.2**	**1.2**
Total group amortisation	**55.7**	**14.6**

Management Discussion and Analysis of Financial Condition and Results of Operations continued

CORPORATE continued

GROUP AMORTISATION continued

The increase in amortisation charges mainly related to the acquisitions of Bovis, Boston Financial and Lend Lease Mortgage Investment and the amortisation of goodwill in relation to MLC which has arisen due to the consolidation of the Statutory Funds. The latter will not reappear in future years following the sale of the Financial Services businesses.

GROUP TREASURY

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m	2000 $m	1999 $m
FX Hedge Costs			(12.8)	(17.3)	(8.1)	(11.1)		
Interest Revenue	44.5	40.4	44.5	40.4	29.2	26.8		
Interest Expense			(112.1)	(73.3)	(69.2)	(46.2)		
Group Financing	**44.5**	**40.4**	**(80.4)**	**(50.2)**	**(48.1)**	**(30.5)**	**3,213.4**	**177.0**

Foreign Exchange Hedge Costs

Foreign exchange hedge costs decreased by $3.0 million after tax to $8.1 million for the year to 30 June 2000. The lower costs reflected the discontinuance of hedges on the Indonesian and Thailand assets, and a reduction in the cost associated with maintaining the hedges on USD and GBP assets due to narrowing interest differentials.

Interest

Interest revenue increased by $2.4 million to $29.2 million after tax for the year ended 30 June 2000, primarily due to the interest earned by the acquired businesses of Bovis, Boston Financial and Lend Lease Mortgage Investment.

Interest expense increased by $23.0 million to $69.2 million after tax for the year to 30 June 2000, primarily due to the increase in borrowings used to fund the acquisitions of Bovis, Boston Financial, Lend Lease Mortgage Investment and CEF Life.

Interest expense incurred by the Statutory Funds of $18.3 million before tax are not included in the Group Financing result as they relate to the policyholders only and therefore are included as an operating expense of the Statutory Funds.

BALANCE SHEET

BALANCE SHEET SUMMARY BY MAJOR COMPONENT

	June 2000 $m	June 1999 $m
Cash	3,483.8	620.7
Investment in Financial Services businesses (including MLC and MLC Lifetime embedded value)		2,071.0
Real Estate Developments	1,453.0	2,129.7
Real Estate Investments	858.8	582.4
Other Investments	233.5	272.1
Goodwill	1,026.1	86.4
Management Agreements	860.3	404.0
Borrowings	(1,045.5)	(1,210.2)
Other Net Assets/(Liabilities) [1]	(1,563.4)	(1,487.3)
Shareholders' Equity	**5,306.6**	**3,468.8**

(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, especially as a result of the sale of the Financial Services Businesses on 30 June 2000. The key features of the Balance Sheet are:

- Cash was $3.5 billion at June 2000, which mainly reflected the cash proceeds of $4.6 billion received on the sale of the Financial Services Businesses, offset by the repayment of approximately $1.0 billion of debt.
- A reduced exposure to Property Development projects ($1,453.0 million at June 2000 compared to $2,129.7 million at June 1999).

Management Discussion and Analysis of Financial Condition and Results of Operations continued

BALANCE SHEET continued

BALANCE SHEET SUMMARY BY MAJOR COMPONENT continued

- A significant increase in intangible assets (goodwill and management agreements) as a result of the acquisitions of Real Estate businesses during the year.
- Many assets are stated on the Statement of Financial Position at a discount to realisable or market value, or in some instances not recorded on the Statement of Financial Position.

Lend Lease intends to return in the order of $1.8 billion to shareholders through an off-market share buyback in order to maintain an efficient capital structure. The share buyback is subject to shareholder approval on 18 August 2000.

CREDIT STRENGTH

Group borrowings increased from $1.2 billion at June 1999 to $2.1 billion at December 1999 as a result of the acquisitions and on-going capital expenditures. Borrowings at 30 June 2000 of $1,045.5 million reflected the retirement of debt with some of the proceeds from the sale of the Financial Services Businesses. Net cash (cash less debt) at 30 June 2000 was $2.4 billion.

Management analyses credit strength in terms of interest coverage (i.e. ratio of EBITDA to interest expense). The ratio was 7.5 times for the year ended 30 June 2000 (8.6 times June 1999). However, as explained previously, EBITDA is influenced by the consolidation of the Statutory Funds. If the Statutory Funds are excluded the interest coverage ratio was 7.1 times for the year ended 30 June 2000.

CASH FLOW

	June 2000 $m	June 1999 $m
Cash Flow Summary		
Cash was generated from:		
Sale of Bluewater interests	530.6	1,103.8
Operations	836.1	382.0
Sale of investments	218.6	195.1
Sale of COMPASS		296.0
Cash collateral from Westpac share lending and hedging arrangements		402.2
Sale of Financial Services businesses	4,596.7	
Statutory Funds (net)	248.0	
Total cash generated	**6,430.0**	**2,379.1**
This cash was deployed on:		
Property development expenditure	(883.6)	(1,183.0)
Purchase of investments	(133.5)	(239.4)
Acquisitions	(1,688.9)	(224.9)
Payment of dividends	(319.0)	(281.8)
Repayment of borrowings	(164.7)	(211.7)
Other items (net)	(377.2)	(99.2)
Total cash deployed	**(3,566.9)**	**(2,240.0)**
Cash generated for the year	**2,863.1**	**139.1**
Cash at beginning of year	620.7	481.6
Cash at end of year	**3,483.8**	**620.7**

Cash generation was strong for the year, with the principal component being the $4.6 billion received on the sale of the Financial Services businesses.

TAXATION

EFFECTIVE TAX RATE

The effective tax rate for the year ended 30 June 2000 on the ordinary profit (excluding sale of the Financial Services businesses) was 41.8% (30 June 1999 18.5%). The increase over June 2000 principally relates to the consolidation of the profits of the Statutory Funds. The tax expense for the Statutory Funds included the tax expense applicable to the policyholders, which has the effect of grossing up the effective tax rate. If the Statutory Funds are excluded, the effective tax rate would have been 25.3%.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

TAXATION continued

CHANGE IN TAX RATE

The statutory tax rate applicable to the Australian operations for the year ended 30 June 2000 was 36%. The Australian Government has announced the corporate tax rate will be reduced to 34% for the year ended 30 June 2001 and 30% for the year ended 30 June 2002 and beyond.

GOODS AND SERVICES TAX (GST)

In Australia the GST will apply to the supply of goods and services after 1 July 2000.

Lend Lease has provided a voluntary public compliance commitment to the Australian Consumer and Competition Committee (ACCC) to comply with its obligations under Part VB of the Trade Practices Act 1974 and the ACCC's Guidelines.

ALTERNATIVE FINANCIAL STATEMENT

STATEMENT OF FINANCIAL PERFORMANCE (EXCLUDING STATUTORY FUNDS)

Year ended 30 June 2000

	June 2000 $m	June 1999 $m
PROFIT AND LOSS STATEMENT		
Revenue From Ordinary Activities		
Revenue from the sale of development properties	1,259.3	1,014.2
Revenue from the provision of services	7,515.1	2,270.7
Other revenues from ordinary activities	823.2	833.9
Total revenue from ordinary activities	**9,597.6**	**4,118.8**
Expenses From Ordinary Activities		
Cost of development properties sold	(1,087.8)	(762.8)
Project management & construction project costs	(6,113.2)	(1,627.9)
Employee expenses	(621.3)	(433.1)
IT related expenses	(79.5)	(50.7)
Occupancy expenses	(83.6)	(68.9)
Professional fees	(81.7)	(77.5)
Other expenses	(753.2)	(470.6)
Total expenses from ordinary activities	**(8,820.3)**	**(3,491.5)**
Share of net profit of associates accounted for using the equity method	13.1	1.6
Share of net profits of joint ventures using the equity method	3.7	
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**794.1**	**628.9**
Depreciation on property, plant and equipment and leasehold improvements	(29.4)	(12.3)
Amortisation of management agreements	(12.4)	(8.6)
Amortisation of goodwill	(34.7)	(4.8)
Other amortisation	(3.2)	(1.2)
Borrowing costs	(124.2)	(85.9)
Profit before tax from ordinary activities	**590.2**	**516.1**
Income tax expense relating to ordinary activities	(149.6)	(95.7)
Profit after tax from ordinary activities	**440.6**	**420.4**
Ordinary profit after tax attributable to outside equity interests	**(8.0)**	
Profit after tax attributable to Lend Lease Corporation Limited	**432.6**	**420.4**
Extraordinary items after income tax	**1,602.2**	
Net profit attributable to Lend Lease Corporation Limited	**2,034.8**	**420.4**

The profit and loss statement for June 2000 has been prepared on the same basis as that of June 1999. That is the Statutory Funds have not been included in the consolidated results. The extraordinary profit on the sale of Financial Services businesses has been reflected on the basis of AASB1038 not being adopted. That is, no adjustments made to the Asset Revaluation Reserve and Retained Profits, and no goodwill recognised on the acquisition of MLC.

Total equity remains the same under either the reported or alternative profit and loss statement as demonstrated in the following extract of the Lend Lease consolidated financial position.

Management Discussion and Analysis of Financial Condition and Results of Operations continued

ALTERNATIVE FINANCIAL STATEMENT continued

STATEMENT OF FINANCIAL POSITION

Year ended 30 June 2000

Extract of Lend Lease consolidated statement of financial position:

	Alternative June 2000 $m	Reported June 2000 $m
EQUITY		
Contributed equity	1,342.1	1,342.1
Reserves		
Capital reserve	104.6	104.6
Asset revaluation reserve	1,053.7	
Foreign currency translation reserve	12.5	12.5
Retained profits	2,766.2	3,819.9
Total parent equity interest	**5,279.1**	**5,279.1**
Outside equity interests in controlled entities	27.5	27.5
Total equity	**5,306.6**	**5,306.6**

Five Year Profile

		June 2000	June 1999	June 1998	June 1997	June 1996
PROFITABILITY 2000						
Operating revenue	**$m**	**12,997**	**4,119**	**3,442**	**2,143**	**2,059**
Operating profit before tax	**$m**	**756**	**516**	**413**	**359**	**290**
Operating profit after tax	**$m**	**432**	**420**	**364**	**322**	**280**
DIVISIONAL CONTRIBUTION						
Project and Construction Management	$m	56	37	31	39	39
Property Development	$m	11	128	(11)	(13)	(15)
Real Estate Investments	$m	152	78	67	27	31
Real Estate Services	$m		11	10	2	
Financial Services	$m	231	200	183	168	152
IT+ T Investments	$m	38	9	3	2	1
Equity Investments	$m	98	51	134	101	73
Other items (1)	$m	(154)	(94)	(53)	(4)	(1)
Total	**$m**	**432**	**420**	**364**	**322**	**280**
Operating profit after tax to revenue	%	3.3	10.3	10.6	15.0	13.6
Operating profit after tax per full time employee	$000	44	91	51	84	64
Earnings per share (2)	Cents	84.7	82.6	71.6	63.9	58.9
Operating profit after tax to shareholders' equity	%	8.1	12.1	11.3	11.0	11.1
Dividend per share (2)	Cents	64	60	53.5	49	45
Profit share per employee	$	4,018	6,367	3,377	4,786	4,161
CORPORATE STRENGTH						
Funds Under Management and Administration	$b	81.6	73.2	73.5	67.0	33.5
EBITDA	$m	984	629	484	386	322
Total assets	$m	10,942	7,291	6,471	4,674	3,543
Available cash	$m	3,484	621	482	166	387
Borrowings	$m	1,046	1,210	1,544	643	242
Current assets	$m	6,266	2,234	1,396	687	947
Current liabilities	$m	3,800	2,452	1,452	1,337	850
Net asset backing per share (2)	$	10.38	6.88	6.42	5.85	5.20
Ratio of current assets to current liabilities	Times	1.65	0.91	0.96	0.51	1.11
Debt to shareholders' equity	%	19.7	34.9	47.7	22.0	9.6
Debt to shareholders' equity plus debt	%	16.5	25.9	32.3	18.1	8.7
Net debt to shareholders' equity	%	(45.9)	17.0	32.8	16.3	(5.7)
Debt to total market capitalisation	%	9.6	11.6	18.8	9.2	5.1
Shareholders' equity	$m	5,307	3,469	3,237	2,919	2,529
Shares on issue	m	512	504	252	250	243
Number of shareholders	No.	59,553	45,113	35,404	32,927	28,536
Number of equivalent full-time employees	No.	9,774 (3)	4,627	7,079	6,736	4,343
SHAREHOLDERS' RETURNS & STATISTICS						
Proportion of shares on issue to top 20 shareholders	%	60.6	64.4	64.6	65.9	68.0
Staff shareholdings	%	13.7	13.4	13.0	13.5	14.6
Total dividends declared	$m	327	303	269	246	218
Payout ratio	%	76	72	74	76	78
Dividends reinvested/foregone during the year:						
Dividend Reinvestment Plan	$m	70.4	67.0	58.3	53.5	92.0
Share Election Plan	$m	31.4	22.4	27.7	16.2	20.0
		101.8	**89.4**	**86.0**	**69.7**	**112.0**
Share prices as at 30 June as quoted on the Australian Stock Exchange (2)	$	21.31	20.74	16.33	14.00	9.75

(1) Includes Group Treasury, amortisation and corporate administration services.
(2) Comparatives have been adjusted to reflect the 1:1 bonus issue in December 1998.
(3) June 2000 employee number excludes Financial Services employees (2,229 at sale date 30 June 2000).

Five Year Profile continued

		June 2000	June 1999	June 1998	June 1997	June 1996
PROJECT AND CONSTRUCTION MANAGEMENT						
No. of equivalent full-time employees	No.	6,692	1,488	1,234	1,106	953
OPERATING PROFIT AFTER TAX						
Australia & Pacific	$m	41	23	11	29	30
North America	$m	10	(1)			
Asia	$m	(2)	10	15	8	8
Europe	$m	7	5	5	2	1
Total	**$m**	**56**	**37**	31	**39**	**39**
NEW WORK SECURED (1)						
Australia & Pacific	$m	920	1,711	1,492	1,346	957
North America	$m	2,914				
Asia	$m	419	98	110	266	148
Europe	$m	1,488	316	27		903
Total	**$m**	**5,741**	**2,125**	**1,629**	**1,612**	**2,008**
BACKLOG MARGIN (2)						
Australia & Pacific	$m	47				
North America	$m	181				
Asia	$m	23				
Europe	$m	231				
Total	**$m**	**482**				
PROPERTY DEVELOPMENT						
No. of equivalent full-time employees	No.	196	215	185	156	150
Operating Profit After Tax						
Australia	$m	(50)	10		(26)	(38)
North America	$m	(5)	(3)			
Asia	$m	3	(24)	(27)	12	23
Europe	$m	63	145	16	1	
Total	**$m**	**11**	**128**	**(11)**	**(13)**	**(15)**
PROPERTY INVENTORIES						
Australia						
Commercial Offices	$m	243	361	291	352	433
Retail	$m		2	11	18	22
Residential	$m	211	257	75	145	29
Total Australia	**$m**	**454**	**620**	**377**	**515**	**484**
International						
Industrial	$m	12	16	45	117	100
Retail	$m	920	1,333	916	217	174
Total International	**$m**	**932**	**1,349**	**961**	**334**	**274**
Total	**$m**	**1,386**	**1,969**	**1,338**	**849**	**758**

(1) Formerly referred to as "Sales". New terminology adopted since acquisition of Bovis.
(2) Backlog margin represents the forecast gross margin to be earned from all projects committed by the business. This new key business measure has been adopted since the acquisition of Bovis.

Five Year Profile continued

		June 2000	June 1999	June 1998	June 1997	June 1996
REAL ESTATE INVESTMENTS (1)						
No. of equivalent full-time employees	No.	**2,506**	**1,533**	**2,511**	**2,335**	**1,102**
OPERATING PROFIT AFTER TAX						
Australia	$m	23	9	4	13	29
North America	$m	90	62	58	7	2
Asia	$m	4	(6)	(6)	2	
Europe	$m	35	13	11	5	
Total	**$m**	**152**	**78**	**67**	**27**	**31**
VALUE OF MANAGEMENT AGREEMENTS						
Australia						
Australia Prime Property Fund	$m	48	48	38	38	38
General Property Trust	$m	213	187	179	144	122
Total Australia	**$m**	**261**	**235**	**217**	**182**	**160**
North America						
Pre-existing REI	$m	726	565	734	380	47
Boston Financial	$m	208				
Lend Lease Mortgage Investment	$m	243				
Total North America (2)	**$m**	**1,177**	**565**	**734**	**380**	**47**
Total	**$m**	**1,438**	**800**	**951**	**562**	**207**
REAL ESTATE FUNDS UNDER MANAGEMENT (3)						
Australia						
General Property Trust	$m	5,211	4,555	3,897	3,545	3,409
Other (4)	$m	4,801	2,400	2,333	2,509	3,868
Total Australia	**$m**	**10,012**	**6,955**	**6,230**	**6,054**	**7,277**
North America						
Pre-existing REI	$m	40,302	36,452	40,703	35,652	4,795
Boston Financial	$m	14,333				
Lend Lease Mortgage Investment	$m	13,465				
Total North America (5)	**$m**	**68,100**	**36,452**	**40,703**	**35,652**	**4,795**
Asia		**901**	**293**	**299**	**194**	**8**
Europe		**2,637**	**1,400**	**317**	**1,027**	**1,231**
Total Funds Under Management		**81,650**	**45,100**	**47,549**	**42,927**	**13,311**

(1) Includes former Capital Services business segment.
(2) Value of Management Agreements for 2000 and 1999 are USD706.0 million and USD367.0 million, respectively.
(3) Lend Lease Corporation recognises Funds Under Management where an asset management fee is received. Where partial ownership exists Lend Lease recognises a proportion of the asset owned.
(4) Includes the Australian Prime Property Fund, Darling Park Trust, Kiwi Property Trust, Lend Lease US Office Trust, Morrison & Co Group Limited and other external clients.
(5) Funds Under Management for 2000 and 1999 are USD40,291 million and USD23,694 million respectively.

Directors' Report

The Directors present their report together with the financial statements of Lend Lease Corporation Limited ("the Company") and the consolidated financial statements of the consolidated entity, being the Company and its controlled entities ("Lend Lease") for the year ended 30 June 2000 and the Auditors' report thereon.

DIRECTORS

1. 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:

S G Hornery, AO, Chairman (Non Executive)

Mr Hornery's qualifications are BSc(Tech), Civ Eng(NSW), LGE, FIE Aust, CP Eng. Mr Hornery, aged 60, joined the Company in 1964, was appointed to the Board of Lend Lease Corporation Limited in 1977, appointed Managing Director in 1978, Executive Chairman in 1988 and became Non-Executive Chairman in June 1994.

Mr Hornery is Chairman of the Board Committee and a Member of the Risk & Compliance Committee. He is Chairman of the Australian National Training Authority, a Director of IBM Global Services Australia Limited, a Member of the International Advisory Panel of Pidemco Land Limited (Singapore) and a Trustee of the ACTU-Lend Lease Foundation. Mr Hornery will retire from the Board at the Annual General Meeting in November 2000.

D H Higgins, Managing Director (Executive)

Mr Higgins' qualifications are BEng (Civil), Diploma Securities Institute of Australia. Aged 45, he joined the Board as Managing Director and Chief Executive in March 1995. Mr Higgins 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.

Mr Higgins is a Member of the Personnel & Organisation Committee of the Board, as well as a Director of a number of Lend Lease Group subsidiary companies.

A Aiello (Executive)

Mr Aiello, age 57, 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 Boards of coolsavings.com, ForRetail.com, Ventius.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 Polytechnic Institute of New York, a Master of Industrial Engineering, a Master of Science in Operations Research and a Ph.D in Business Administration from New York University.

E D Cameron (Non Executive)

Mr Cameron is a Chartered Accountant. Aged 70, he joined the Board in 1989 and is Chairman of the Risk & Compliance Committee, a Member of the Board Committee and 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, Hambro-Grantham Development Custodians Pty Limited and Hambro-Grantham Development Fund 5 Custodians Pty Limited and a Trustee of the Australian Cancer Research Foundation.

Y H Chua (Non Executive)

Dr Chua, aged 56, was appointed to the Board in October 1994. He is a Member of the Risk & Compliance, Personnel & Organisation and Board Committees 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 has been appointed by the President of the Republic of Singapore as the High Commissioner to the Republic of Namibia and the Kingdom of Swaziland and is 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).

Directors' Report continued

DIRECTORS continued

1. BOARD continued

J K Conway (Non Executive)

Mrs Conway, aged 65, was appointed to the Board in 1992 and appointed Deputy Chairman in August 1998. She will succeed Mr Hornery as Chairman of the Company at the Annual General Meeting in November 2000. Mrs Conway chairs the Personnel & Organisation Committee and is a Member of the Board Committee. Her qualifications are BA(Hons) Sydney University, University Medal in History in 1958 and PhD Harvard University 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 1975-1985 and now teaches as a Visiting Professor in the Science, Technology and Society Program of the Massachusetts Institute of Technology.

G G Edington (Non Executive)

Mr Edington, aged 54, joined the Board in December 1999 and is a Member of the Board Committee. He is Chairman of both UK property company Greycoat Estates Limited and Earls Court and Olympia Group Limited. Until recently he 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 six BAA companies. He is also the Immediate Past President of the British Property Federation and until recently 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 the UK charity NCH Action for Children.

P C Goldmark (Non Executive)

Mr Goldmark, aged 59, joined the Board in December 1999 and is a Member of the Board Committee. He has been the Chairman and CEO of The International Herald Tribune in Paris since 1998. Prior to this he was for 10 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 52, was appointed to the Board in June 1994. She is a Member of the Risk & Compliance, Personnel & Organisation and Board Committees. Ms Grady is a Director of Lend Lease USOT Management Limited (the trustee of the Lend Lease US Office Trust), Woolworths Limited and Wattyl Limited. She is also 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, having joined the firm as a consultant in Australia in 1979.

R A Longes (Non Executive)

Mr Longes' qualifications are BA, LLB, MBA. Mr Longes, aged 55, was appointed to the Board in 1986 and appointed Deputy Chairman in January 2000. He is a Member of the Personnel & Organisation and Board Committees. He is also Chairman or Director of a number of Lend Lease Group subsidiary companies. Other Directorships include Australian Water Services Pty Limited, Lyonnaise Asia Water Limited and Davids Limited.

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

Directors' Report continued

DIRECTORS continued

1. **BOARD** continued

R G Mueller, CBE (Non Executive)

Mr Mueller, aged 66, was appointed to the Board in 1996. He is a Member of the Personnel & Organisation and Board Committees. He is Chairman of WJB Chiltern Group plc and Chelverton Properties Ltd, a Director of T I Group plc 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 and a Member of the Union Bank of Switzerland Group Executive Board.

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 - 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 51, he was appointed to the Board in February 1997 and was subsequently appointed Finance Director. He is a Director of a number of Lend Lease Group subsidiary companies. 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 (December 1991 to July 1996) and Sagasco Holdings (until December 1993).

During the year, Messrs D C Clarke, D N Sanders, W A H Webster and P J Willcox retired as Directors of the Company.

D C Clarke (Executive)

Mr Clarke retired as a Director on 25 May 2000, having joined the Board in 1998. He was a Member of the Personnel & Organisation Committee and was responsible for Lend Lease business units operating in the Asia Pacific Region as well as Chairman or a Director of a number of Lend Lease Group subsidiary companies.

D N Sanders, AO, CB (Non Executive)

Mr Sanders was appointed to the Board in 1992. He was a Member of the Risk & Compliance and Board Committees and Chairman of the Lend Lease Financial Services Business Board. Mr Sanders retired as a Director on 28 October 1999.

W A H Webster (Executive)

Mr Webster retired as a Director on 28 October 1999. Appointed to the Board in 1987, he was a Member of the Finance Committee and a Director or Member of a number of Lend Lease Group subsidiary companies and business boards.

P J Willcox (Non Executive)

Mr Willcox retired as a Director on 25 May 2000, having joined the Board in 1994 and having been appointed Deputy Chairman in 1998. He was the Chairman of the Finance Committee and a Member of the Board Committee as well as Chairman, Director or a Member of a number of Lend Lease Group subsidiary companies and business boards.

Directors' Report continued

DIRECTORS continued

2. DIRECTORS' MEETINGS

During the financial year four scheduled full agenda Board meetings and eight special Board meetings were held. 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 1999 to 30 June 2000

	Board Meetings				Committee Meetings	
	Full Agenda		Restricted Agenda			
Director	Held [1]	Attended	Held [1]	Attended	Held [1]	Attended
A Aiello	4	4	8	6	2	2
E D Cameron	4	4	8	7	7	7
Y H Chua	4	4	8	7	9	9
D C Clarke [4]	4	4	8	8	5	5
J K Conway	4	4	8	4	9	9
G G Edington [3]	2	2	3	3	4	4
P C Goldmark [3]	2	2	3	3	2	2
D J Grady	4	4	8	4	11	11
D H Higgins	4	4	8	8	5	5
S G Hornery	4	4	8	7	10	10
R A Longes	4	4	8	8	12	12
R G Mueller	4	4	8	6	9	9
D N Sanders [2]	2	2	5	5	4	4
R E Tsenin	4	4	8	8	7	7
W A H Webster [2]	2	2	5	5	2	2
P J Willcox [4]	4	4	8	8	9	9

(1) Reflects the number of meetings held during the time the Director held office during the year.
(2) D N Sanders and W A H Webster resigned their directorships on 28 October 1999.
(3) G G Edington and P C Goldmark were appointed to the Board on 1 December 1999.
(4) D C Clarke and P J Willcox resigned their directorships on 25 May 2000.

In addition, matters were dealt with by Circular Resolution:

- on 14 occasions by the Full Board; and
- on 183 occasions by a Committee of Directors.

The present Board has 12 Directors, 9 of whom are non-executive. The Chairman and Chief Executive are elected by a unanimous decision of Directors. The Non-Executive Directors meet prior to each full agenda Board meeting and at other times as required. 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, and then making recommendations to the full Board for a final decision.

Board Committee

The Board Committee considers the nomination of new Directors and any policy or management matter where it would not be appropriate for Executive Directors to participate in the proceedings, including performance and compensation of the Managing Director. The Committee comprises all Non-Executive Directors.

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 effectiveness of risk management and compliance systems in all our businesses worldwide. These systems provide assurance that business risks are identified and managed effectively, assets are protected against financial loss, legal and regulatory obligations are met, and proper accounting and auditing practices are maintained.

Directors' Report continued

DIRECTORS continued

3. INTEREST IN CAPITAL

The interest of each of the Directors in the issued shares of the Company at 17 August 2000 (12 August 1999) is set out below.

Director	Shares Held Directly 2000	Shares Held Beneficially/ Indirectly 2000	Shares Held Under Employee Share Plans 2000 (1)	Shares Held Directly 1999	Shares Held Beneficially/ Indirectly 1999	Shares Held Under Employee Share Plans 1999 (1)
A Aiello	2,000		65,814	2,000		65,814
E D Cameron	15,211			10,675		
Y H Chua	6,712			5,212		
J K Conway	6,026			4,526		
G G Edington	15,000					
P C Goldmark	2,000					
D J Grady	12,337			11,812		
D H Higgins	2,000		81,841 (2)	2,000		80,161 (2)
S G Hornery	131,969			128,170		
R A Longes	8,755	50,012		7,509	50,112	
R G Mueller	6,000			5,000		
R E Tsenin	2,000		1,500	2,000		1,500

(1) Includes shares beneficially held by the Executive Directors in the Australian and US Share Plans.
(2) Arising from allocations made to him as an employee, Mr Higgins has a contingent beneficial interest under the Employee Share Acquisition Plan in 1,000 shares in 1999 (Nil for 2000).

4. INTEREST IN REGISTERED SCHEMES

The interest of each of the Directors in the registered schemes of the Lend Lease Group at 17 August 2000 is set out below.

Director	Registered Scheme	Direct Interest No. of Units 2000	Direct Interest Value $ 2000	Beneficial/ Indirect Interest No. of Units 2000	Beneficial/ Indirect Interest Value $ 2000
Y H Chua	General Property Trust	2,004	5,491		
S G Hornery	General Property Trust	1,581	4,332		
R A Longes	General Property Trust	2,405	6,590	908	2,488
	Lend Lease US Office Trust			10,000	9,500

5. CONTRACTS AND BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors or included in related party disclosures as shown in the consolidated financial statements) by reason of a contract made by the Company or a related entity with the Director or with a firm of which he or she is a member or with an entity in which he or she has a substantial financial interest.

PRINCIPAL ACTIVITIES

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

- Real estate project management, project design, project financing and construction management.
- All aspects of property development from concept through to design, planning, construction, financing, leasing to eventual sale.
- Management of real estate investment funds, limited partnerships and trusts on behalf of clients (including acquiring, managing and selling investments), co-investment, portfolio management, originating and servicing of commercial mortgages, shopping centre management and leasing (in Australia) and acting as financial advisor and arranger of real estate project finance and related services.
- Funds management activities including superannuation and investment services for both retail and corporate clients; management of investment and unit trusts, traditional life insurance business and wealth protection; investment fund administration; and strategic investment advice, asset management and portfolio management services for corporate and institutional clients.

Directors' Report continued

PRINCIPAL ACTIVITIES continued

- Developer, owner, operator and fund manager of infrastructure assets.
- Investments in information technology (IT) and telecommunication services companies which provide an IT service to corporations and governments.
- Investments in companies where a strategic business rationale existed and where a mutually beneficial business relationship with these companies could be developed.
- Group Treasury and corporate administration services.

REVIEW AND RESULTS OF OPERATIONS

The Directors report that in the year to 30 June 2000, Lend Lease earned an operating profit after tax of $432.2 million, an increase of 2.8% on the previous year's profit of $420.4 million.

Review of operations is included in the Management Discussion and Analysis of Financial Condition and Results of Operations included with the consolidated financial statements.

DIVIDENDS

The 1999 final dividend of $156.3 million (31 cents per share) referred to in the Directors' Report dated 12 August 1999 was paid on 16 September 1999.

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

	$ million
Interim dividend of 32 cents per share paid on 15 March 2000	162.7
Final dividend of 32 cents per share declared by Directors to be paid on 14 September 2000	163.9
	326.6

The shares allotted under the Dividend Reinvestment Plan or Share Election Plan for the September 2000 dividend will not be eligible to be sold in the proposed off-market share buy-back. To ensure that the buy-back runs smoothly, the allotment of these shares will be made on 3 October 2000 (after the completion of the buy-back).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

On 29 October 1999 Lend Lease acquired Bovis Group plc from the Penisular and Oriental Steam Navigation Company (P&O) for GBP285.0 million (A$730.8 million).

On 3 November 1999 Lend Lease acquired the Boston Financial Group Limited Partnership for USD165.8 million (A$276.3 million), which included an allowance for contingent payments of up to USD35.6 million over a three year period subsequent to the acquisition.

On 17 March 2000 Lend Lease acquired five of AMRESCO Inc's commercial mortgage businesses for USD258.3 million (A$430.6 million), which included an allowance for contingent payments of up to USD35.0 million over a three year period subsequent to the acquisition.

On 30 June 2000 Lend Lease sold its Financial Services businesses to the National Australia Bank Limited for A$4.6 billion. The businesses sold included MLC Limited and MLC Lifetime Company Limited.

YEAR 2000 ISSUES

Preparations to avoid the impact of Year 2000 issues were highly successful and the Lend Lease Group did not experience any Y2K-related disruptions to our systems, operations or services.

There are significant on-going benefits resulting from the Year 2000 project. For example:

- Employees now have a "standard" web enabled desktop that enables more efficient access to information, reduced cost of ownership for the desktop, but more importantly positions Lend Lease to more rapidly take advantage of e-commerce initiatives.
- Rationalisation of the applications portfolio resulted in over 350 systems being upgraded, replaced or decommissioned. The deletion of obsolete software and the rationalisation of products will lead to reduced licencing costs and a simplified IT housekeeping capability.
- Business Contingency plans have been reviewed and tested for each business unit and Lend Lease is now better equipped to deal with system, supplier and facility outages.

Directors' Report continued

ENVIRONMENTAL REGULATION

Lend Lease is subject to a variety of general environmental regulations, particularly in respect of its real estate development, project 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 requires 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, project site management or real estate asset management develop specific management plans for environmentally sensitive activities. Examples of these plans include:

- Real Estate Assets within our US asset management business are reviewed for environmental risk. Based on their rating of High, Moderate or Low, specific action/remediation plans are developed and implemented. High risk assets receive follow-up audits, moderate risk assets are placed in an annual monitoring program and low risk assets are re-evaluated every three years.
- The environmental plan for the design and construction of the Cronulla waste water treatment plant (situated on the environmentally sensitive Kurnell Peninsula south of Sydney) involves continuous input from local community representatives, ocean and beach users. Large areas of the Kurnell Peninsula have been rehabilitated and frog breeding ponds, for the protection of the endangered Green and Golden Frog, have been established.
- The environmental plan for the Novotel and Hotel Ibis, (located in the Sydney Olympic precinct at Homebush Bay, Sydney) involved initiatives that have resulted in 37 percent less energy usage than a similar building, extensive use of recycled water and material selection which meets the environment guidelines for the 2000 Olympic Games.

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.

In last year's annual report we noted a technical breach of the Protection of the Environment Operations Act (NSW) in relation to the operation of the Prospect Water Plant in Sydney. Lend Lease has a 50% interest in AWS (operator of the water treatment plant at Prospect) and 16% interest in Prospect Water Partnership (the owner 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. Accordingly, the Prospect Water Plant is no longer in technical breach of this Act while it complies with the terms of the exemption.

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 other than the following:

- On 17 July 2000 Lend Lease announced that it intended to conduct an off-market share buy-back utilising part of the proceeds from the sale of its Financial Services businesses. The buy-back is subject to shareholder approval at a general meeting on 18 August 2000.

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

PERSONNEL & ORGANISATION COMMITTEE

The compensation of Non-Executive Directors, the Managing Director, Executive Directors, divisional/regional chief executive officers and senior executives is determined by the Personnel & Organisation (P&O) Committee.

REGIONAL COMPENSATION COMMITTEES

The compensation of staff generally below the level of Executive Director and divisional/regional CEO is determined by Regional Compensation Committees in the US, Asia, Europe and Australia. These Committees are chaired by a Lend Lease Non-Executive Director and attended by regional business unit executives, internal human resource personnel and an external regional compensation consultant. These Committees are responsible for determining appropriate compensation practices for rewarding the Company's regionally based employees.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

COMPENSATION POLICY

Lend Lease's business has undergone significant changes during 1999/2000. With some 75% of operations outside Australia, the compensation policy is updated by our desire to ensure our recruitment and reward of senior employees is globally positioned thereby attracting highly skilled and regarded people to our geographically diverse business.

A policy of the Company is to align the interests of all staff as closely as possible with the interests of shareholders. Programs allowing employees at all levels to acquire and hold shares in the Company are an important element of that policy. Employees hold either directly or through employee benefit vehicles approximately 14% of the Company's issued capital.

The policy of the Compensation Committees is to reward management and staff with market competitive compensation taking account of both Company and individual performance.

Total compensation is made up of three major components: salary and benefits; short term incentives; and long term incentives in the form of or referable to Lend Lease shares. The short term and long term elements are balanced to accommodate business building, retaining talent and tying rewards into performance over the longer term.

Internal targets required to meet the thresholds of payment under performance bonus arrangements are considered to be consistently stretching and motivating. In developing appropriate compensation plans, Lend Lease focuses on the objective of establishing a balance between the fixed and variable performance aligned elements of total compensation.

Salary

Salaries are set at competitive levels with annual reviews to reflect market conditions and personal performance. For guidance the P&O Committee and Regional Compensation Committees use information available in published job-matched surveys of similar companies. As appropriate, they also commission surveys to supplement the published information. This is considered to be essential research even though comparable companies may not be large in number.

The salaries of the Managing Director, the Executive Directors and the divisional/regional CEOs are set by the P&O Committee. They are determined in July of each year after a review of the performance of each individual. In the cases of the Executive Directors and divisional/regional CEOs, the Committee is assisted by the Managing Director in this review.

Other Benefits

Other benefits include employee participation in plans such as monthly subscriptions of up to 5% of base salary to Employee Share Plans (ESP); annual profit share scheme ($4,018 per full time employee for the 2000 year; 1999 $6,367); and for executives located away from their home country, expatriate benefits such as accommodation allowances.

Superannuation/Pension Plans

For many employees this is either a defined benefit or defined contribution plan. Pension plan arrangements are in place in most international locations, including the UK, the US and Australia.

Short Term Incentive Program

Bonus payments are based upon actual achievement against challenging corporate and individual performance targets approved by the P&O or Regional Compensation Committees. In each year under review a performance bonus is not awarded unless, in the case of senior executives, the executive achieves 60% of his or her performance targets. Pro rata awards are made if the executive achieves above 60% and, in exceptional circumstances, an executive may receive a bonus in excess of 100% of the predetermined amount.

Although the performance criteria are different for each executive the principles are similar and involve:

- the achievement of profit, earnings per share, total shareholder return and other relevant financial targets;
- the achievement of strategic objectives; and
- contribution to the enhancement of Lend Lease's skills and reputation, with a focus on the development of employees.

When the full target bonus is earned annual compensation may reach the upper quartile of the relevant employment market.

Performance Bonuses are awarded in a number of ways.

1. **Cash**
2. **Shares issued under Lend Lease Employee Share Plans (ESP)** - ESP entitlements are generally awarded to senior executives as part of their annual performance bonus on the basis of 50% maturing at the time of award and the balance maturing between 3 to 5 years (subject to the executive remaining employed by the Group). ESP arrangements operate in Australia, the UK and the US.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

COMPENSATION POLICY continued

Short Term Incentive Program continued

3. **Global Reward Program** - Allocations under the Global Reward Program progressively 'mature' over 3 to 5 years (subject to the 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 Program

Long Term Incentives (LTI) are currently in the form of allocations or grants in either the Global Reward Program, ESP or new LTI plan, which deliver value, over time, reflecting the performance of Lend Lease shares.

1. An LTI program was introduced by the Board in 1996 with the primary purpose of keeping the leadership team in place. Under this plan unless otherwise approved by the Board, an incentive is not paid to an executive if their employment is terminated (other than by reason of redundancy) prior to the date on which the allocation matures. The following table shows the Long Term Incentives allocated to each of the current Executive Directors of Lend Lease Corporation and to the highest ranking executives as at 30 June 2000. These allocations have varying maturity dates.

Name	Global Reward Program/ESP Allocations
Executive Directors	
D H Higgins – Chief Executive Officer	75,000 (allocated 1 January 1997) (1)
R E Tsenin – Finance Director	50,000 (allocated 3 February 1997) (1)
Executive Officers	
M S Banks (US)	100,000 (allocated 28 June 1996) (2)

(1) 1 unit has the equivalent value of 2 Lend Lease shares.
(2) 1 unit has the equivalent of 1 Lend Lease share.

If these allocations mature, they will be payable upon cessation of employment. The value of these allocations will be referable to the price of Lend Lease shares at that time.

2. In order to retain and motivate key senior management as well as attract individuals of high calibre with expertise in selected markets and/or disciplines, the Board approved a revised LTI program last year. This will replace the current LTI retention program outlined above.

Initial grants under this LTI Program have been made as at 1 July 2000 to a select group of senior executives whose skills, potential and other attributes are seen as critical to the medium term prosperity of the Company. The number of executives participating in this program will progressively increase, in recognition of progress being made by identified high potential managers and new executives attracted to the organisation to support its planned growth. This LTI program was developed using local and international consultants and has been designed to ensure continued adherence to the Lend Lease philosophy of aligning the interests of employees and shareholders.

Grants under the LTI program are applied towards a combination of performance and appreciation rights designed to track Lend Lease share price performance and share price appreciation over the medium term, assuming performance hurdles are met.

The following table shows the LTI grants allocated to each of the current Executive Directors of Lend Lease and to the highest ranking executives as at 1 July 2000. These grants fully vest after three years assuming performance hurdles are achieved. The grant will remain in place for a further two years where the hurdle has not been met at the third anniversary. Assuming performance hurdles are met the vested share performance and appreciation rights acquired with each grant are receivable up to the fifth anniversary of the date of grant.

Name	LTI Grant
Executive Directors	
D H Higgins – Chief Executive Officer	$1,000,000
R E Tsenin – Finance Director	$650,000
Executive Officers	
M S Banks (US)	$600,000
D A R Findley (UK)	$510,204 (1)

(1) Based on GBP200,000

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

COMPENSATION POLICY continued

Long Term Incentive Program continued

The performance hurdle will require that for 100% of the grant to vest, Lend Lease's total shareholder return ('TSR') (being the share price plus accumulated dividends for the period from the date of grant) is at least equal to or exceeds the TSR of the ASX All Industrials Sub Index (or equivalent index) for the same period.

This initial grant will first become eligible for vesting on 1 July 2003 and the last date for vesting will be 1 July 2005. No grant will vest before the end of the performance period, except in special circumstances, such as death or disability. In all circumstances, the performance hurdle will be a condition precedent for vesting or release of benefits.

COMPENSATION

Details of the compensation of each executive director and of the five most highly compensated executive officers(13) (14) for the Group are shown below:

					PERFORMANCE RELATED BONUS			
						Global Reward/ESP Matured Allocations		
	Year	Salary A$ (1)	Super/ Pension Contrib's A$ (2)	Other Benefits A$	Cash A$	Current Year A$ (3)	Previous Years A$ (4)	Total A$
Executive Directors								
D H Higgins	**2000**	**1,152,003**	**71,816**	**593,408**	**2,500,000**(6)		**497,016**	**4,814,243**
(Chief Executive Officer) (5)	1999	750,555	60,000	34,361	247,775	317,653	146,230	1,556,574
R E Tsenin	**2000**	**807,832**	**53,188**	**457,300**	**1,500,000**(6)		**269,770**	**3,088,089**
(Finance Director) (5)	1999	658,963	42,273	103,735	184,167	236,099	41,780	1,267,017
A Aiello (Executive Director	**2000**	**825,317**		**110,791**	**456,731**	**1,028,846**	**261,261**	**2,682,946**
& Chief Information Officer) (7)	1999	802,182		86,579	1,832,183			2,720,944
D C Clarke	**2000**	**623,496**	**44,517**	**38,892**	**812,550**		**407,269**	**1,926,724**
(Executive Director) (8)	1999	557,169	44,517	26,620	165,750	228,620	104,450	1,127,126
W A H Webster	**2000**	**372,662**	**29,583**	**15,645**	**350,000**		**79,550**	**847,440**
(Executive Director) (8)	1999	539,847	40,157	24,439	249,726	106,706	83,560	1,044,435
Executive Officers								
M Banks (CEO – LL Real (9)	**2000**	**877,154**	**87,715**	**299,937**	**438,750**		**584,684**	**2,288,240**
Estate Investments – International (US))	1999	774,574	41,600	396,864		365,116	246,669	1,824,823
L Cochrane	**2000**	**640,522**	**8,173**	**51,711**	**1,560,897**			**2,261,303**
(Chairman - Bovis LL (US)) (10)	1999							
P Walichnowski (CEO - (11)	**2000**	**929,069**	**76,505**	**178,743**	**510,000**		**440,146**	**2,134,463**
Lend Lease Europe (UK))	1999	814,872	41,060	167,450	270,000	115,375	183,832	1,592,589
R Taylor (5)	**2000**	**530,334**	**32,933**	**293,232**	**600,000**		**178,141**	**1,634,640**
(CEO Bovis LL (UK))	1999	367,804	29,200	18,286	129,000	165,386	242,658	952,334
R D'Ardenne (Chief (12)	**2000**	**437,411**	**34,054**	**48,075**	**913,462**		**173,324**	**1,606,326**
Operating Officer – LL Real Estate Investments (US))	1999	416,849	32,087		481,309	37,853	26,768	994,866

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

(2) For Australian based Directors and Executives, the cost to Lend Lease 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 disclosed is the notional amount of the contribution made on behalf of the individual.

(3) Relates to the value of the "matured" ESP shares and Global Reward allocations as at the time of vesting, based on the Lend Lease share price of $21.31 on the date they were awarded (1 July 2000). Shares held in ESP's are subject to the rules of the plans and in some cases other contingent events. No amounts are shown for the relevant executives in 2000 with the exception of Mr Aiello (refer footnote 7); as no ESP shares or Global Reward units were allocated to these individuals during the relevant time period. This is in line with the Compensation Policy above. In some cases, performance related bonuses were given as cash amounts rather than ESP/Global Reward allocations.

(4) Relates to shares allocated in previous years that matured during the year ended 30 June 2000, based on the Lend Lease share price as at the time of vesting ($21.34 on 1 January 2000 and/or $21.31 on 1 July 2000). Shares held in ESP's are subject to the rules of the plans and in some cases other contingent events.

(5) "Salary" for the year ended 30 June 2000 includes amounts in relation to service in the UK. "Other benefits", include health insurance, motor vehicle and rental subsidies in relation to service in the UK and are paid in GBP's.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

COMPENSATION continued

(6) As with all Senior Group Executives, performance arrangements are in place for Mr Higgins and Mr Tsenin and the cash bonuses are in accordance with those arrangements. The cash bonuses are discretionary awards based on exceptional contribution to the performance of the Group for the year ended 30 June 2000, including the sale of MLC and the strategic repositioning of the Group as an integrated Real Estate Services business. The bonus amounts have been the subject of an independent review and consideration.

(7) Mr Aiello is based in the US with compensation paid in USD's. "Other benefits" include amounts paid for the provision of a motor vehicle and accommodation when in Australia. The employment contract with Mr Aiello includes incentive payments (referable to amounts foregone upon leaving previous employer) of USD642,000 payable in three tranches. The first tranche upon joining was included in 1998 as a matured current year ESP allocation. The second tranche was paid on 31 December 1998. The final tranche was paid on 31 December 1999 and this amount is included within the current year Global Reward allocations for the year ended 30 June 2000.

(8) Both Mr Clarke and Mr Webster retired as Executive Directors during the year ended 30 June 2000. Mr Webster retired as an Executive Director on 28 October 1999 and as an Executive on 18 February 2000. In addition Mr Webster was paid retirement allowances of $2,582,809, and other retirement benefits of $2,133,000 relating to his superannuation entitlements. Mr Clarke retired as an Executive Director on 25 May 2000 and subsequently retired as an Executive on 7 July 2000. Amounts paid to Mr Clarke on 7 July 2000, including retirement benefits, are not included in the total compensation for the year ended 30 June 2000.

(9) Mr Banks is based in the US with compensation paid in USD's. "Other Benefits" includes amounts paid for the provision of health insurance, motor vehicle and rental subsidies under Lend Lease's expatriate conditions.

(10) Mr Cochrane joined the Lend Lease Group through its acquisition of the Bovis Group in October 1999 and was subsequently appointed C.E.O. of Bovis LL. On 1 July 2000, Mr Cochrane was appointed Chairman of Bovis LL. Mr Cochrane is based in the US with compensation paid in USD's. Cash bonuses include 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.

(11) Mr Walichnowski is based in the UK with compensation paid in GBP's. "Other Benefits" includes amounts paid for the provision of health insurance, motor vehicle and rental subsidies under Lend Lease's expatriate conditions.

(12) Mr D'Ardenne is based in the US with compensation paid in USD's.

(13) To avoid any distortions within the table (as a result of significant payments made to certain executives as part of their employment commencing with the Group) these executives, Mr F Pratt and Ms C Kiley, are set out below. Mr Pratt joined Lend Lease through its acquisition of Boston Financial in November 1999. Mr Pratt is based in the US with compensation paid in USD's. His total compensation during the year ended 30 June 2000 was A$2,532,186. This comprised of a salary of A$242,682; pension plan contributions of A$34,054, "Other Benefits" of A$5,319, a cash bonus of A$986,049 and an amount of A$1,264,082 paid in relation to the acquisition of Boston Financial Ms Kiley commenced employment with the Lend Lease Group on 18 October 1999. Ms Kiley is based in the US with compensation paid in USD's. Her total compensation during the year ended 30 June 2000 was A$1,718,437. This comprised of a salary of A$266,760; "Other Benefits" of A$9,369, a cash bonus of A$801,283 and an additional amount of A$641,025 in relation to Ms Kiley joining the Group.

(14) The executives named above are current executives. During the year ended 30 June 2000, Mr P Dolinoy and Mr R Clarke ceased employment with the Lend Lease Group. Mr Dolinoy retired on 30 June 2000 and was previously based in the US with compensation paid in USD's. His total compensation during the year ended 30 June 2000 was A$5,751,248 (comprising salary of A$492,768; pension plan contributions of A$34,054; retirement and other benefits of $11,887; cash bonuses of A$4,585,296 and matured shares from previous years amounting to A$627,243. The cash bonuses include a component paid in relation to bonuses accrued at a previous employer (The Equitable)). Up until 3 March 2000, Mr Clarke was also based in the US and received total compensation of A$3,757,543 (comprising salary of A$512,879; pension plan contributions of A$51,010; retirement and other benefits (including amounts paid for the provision of health insurance, motor vehicle and rental subsidies under Lend Lease's expatriate conditions) of A$295,694, cash bonuses of A$355,325 and ESP matured shares from previous years amounting to A$2,542,635.

NON EXECUTIVE DIRECTORS

Directors currently receive compensation of $70,000 per annum to cover all main Board activities, including one overseas meeting extending for one week, as well as duties associated with the Board Committee and one other Committee. This compensation level has been determined in accordance with international benchmarks. The Chairman receives a multiple of 4 times this and the Deputy Chairman receives a multiple of 1.5.

In addition to the time required for their main Board duties, each Non-Executive Director has a significant involvement in the Group's activities. Directors are compensated for these additional activities at $3,000 per day. The level of fee, and expectations regarding personal time commitment, reflect a number of factors including: the specific workload required to satisfy the Group's expansion plans, in particular the international dimension, and the Group's requirement that all Directors participate on the Board and Committees, and maintain a detailed knowledge and awareness of the Group's evolving operating activities. This significant time commitment also limits the opportunity for Directors to become involved in professional activities outside Lend Lease.

Directors resident outside Australia are given the opportunity, at the time of joining the Board, to elect to have their $3,000 per day fees paid in Australian dollars, or in the currency of their home countries, based on the currency exchange rate at the time of joining the Board. This may result in the Australian dollar remuneration amount shown in the annual accounts fluctuating despite there being no change in the actual remuneration received by the Directors in their local currency.

To align more closely the interests of shareholders and Directors, a share acquisition plan was approved by shareholders at the 1997 Annual General Meeting. This plan allows Directors to acquire up to 1,000 shares in any 6-month period in lieu of receiving Directors' fees to the equivalent value. Subscriptions are made at the same price, at the same time and otherwise on the same terms as the Share Purchase Plan available to all shareholders. A Director is restricted from selling these shares until the earlier of 10 years or the retirement of the Director.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

NON EXECUTIVE DIRECTORS continued

Compensation

The following table sets out the compensation received or due and receivable by Non-Executive Directors for the year ended 30 June 2000.

Director	Year	Directors' Fees $ (1)	Additional Compensation $ (2)	Total $
S G Hornery (3)	**2000**	**280,000**	**124,318**	**404,318**
(Chairman)	1999	230,000	87,133	317,133
E D Cameron	**2000**	**70,000**	**250,769**	**320,769**
	1999	65,000	200,583	265,583
Y H Chua (4)	**2000**	**70,000**	**212,716**	**282,716**
	1999	65,000	180,693	245,693
J K Conway (5)	**2000**	**105,000**	**248,669**	**353,669**
(Deputy Chairman)	1999	97,500	289,236	386,736
G G Edington (6)	**2000**	**40,833**	**77,034**	**117,867**
	1999			
P C Goldmark (7)	**2000**	**40,833**	**29,679**	**70,512**
	1999			
D J Grady (8)	**2000**	**70,000**	**214,450**	**284,450**
	1999	65,000	169,333	234,333
R A Longes (8)	**2000**	**87,500**	**227,748**	**315,248**
(Deputy Chairman)	1999	65,000	154,333	219,333
R G Mueller (9)	**2000**	**70,000**	**186,498**	**256,498**
	1999	65,000	169,245	234,245
D N Sanders (10)	**2000**	**22,826**	**146,824**	**169,650**
	1999	65,000	161,833	226,833
P J Willcox (11)	**2000**	**82,404**	**239,375**	**321,779**
	1999	97,500	188,417	285,917

(1) Includes shares allotted at market value pursuant to the Non-Executive Directors' share plan approved by shareholders at the 1997 Annual General Meeting.

(2) "Additional Compensation" includes compensation for additional activities and other benefits provided plus fringe benefit tax on those benefits. These benefits are based on the cost to the Company.

(3) "Additional Compensation" relates to $104,455 (1999 $87,133) for costs (including fringe benefits tax) associated with a motor vehicle lease and $7,067 (1999 $Nil) for superannuation contributions.

(4) "Additional Compensation" includes $7,067 (1999 $4,776) for superannuation contributions.

(5) "Additional Compensation" includes $7,067 (1999 $6,854) for superannuation contributions. "Additional Compensation" (excluding superannuation contributions) is paid in US Dollars using the exchange rate on the date of appointment as a Director.

(6) Mr Edington was appointed as a Director on 1 December 1999. "Additional Compensation" includes $5,354 for superannuation contributions. "Additional Compensation" (excluding superannuation contributions) is paid in GBPs using the exchange rate on the date of appointment as a Director.

(7) Mr Goldmark was appointed as a Director on 1 December 1999. "Additional Compensation" includes $3,210 for superannuation contributions. "Additional Compensation" (excluding superannuation contributions) is paid in US Dollars using the exchange rate on the date of appointment as a Director.

(8) "Additional Compensation" includes $7,067 (1999 $Nil) for superannuation contributions.

(9) "Additional Compensation" includes $7,067 (1999 $4,894) for superannuation contributions. "Additional Compensation" (excluding superannuation contributions) is paid in Swiss Francs using the exchange rate on the date of appointment as a Director.

(10) Mr Sanders also received a benefit of $820,555 on his retirement on 28 October 1999 pursuant to the Company's standard Retirement Benefit Allowance Agreement for Non-Executive Directors approved by shareholders at the 1990 Annual General Meeting.

(11) "Additional Compensation" includes $7,067 (1999 $Nil) for superannuation contributions. Mr Willcox also received a benefit of $873,063 on his retirement on 25 May 2000 pursuant to the Company's standard Retirement Benefit Allowance Agreement for Non-Executive Directors approved by shareholders at the 1990 Annual General Meeting.

Directors' Report continued

DIRECTORS' AND SENIOR EXECUTIVES' COMPENSATION continued

NON EXECUTIVE DIRECTORS continued

Non-Executive Directors' Retirement Plan

The Non-Executive Directors participate in a retirement plan, under which retiring Non-Executive Directors with up to 5 years' service receive up to three times their average annual emoluments (ie. Directors' Fees, Consultants' Fees and motor vehicle costs) over the previous 3 years, and those who have served more than 5 years receive between 3 and 5 times their average annual emoluments over the previous 3 years. In each case, the retirement benefit is proportional to length of service. Those who have served 15 years or more receive the maximum of 5 times average annual emoluments over the 3 years prior to retirement. This plan was approved by shareholders at the 1990 Annual General Meeting.

The following table sets out the accrued retirement benefits at the end of the year.

Director	Years of Service At 30 June 2000 Years (1)	Accrued Retirement Benefit at 30 June 2000 A$
S G Hornery	6	961,045
E D Cameron	11	1,129,916
Y H Chua	5	811,911
J K Conway	8	1,112,955
G G Edington	1	22,282
P C Goldmark	1	13,240
D J Grady	6	814,222
R A Longes (2)	11	n/a
R G Mueller	4	543,510

(1) Relates to years of services as a Non-Executive Director only.
(2) Mr Longes does not participate in the Non-Executive Directors' retirement 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 1 to 3 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 Law.

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 1999 the Company has entered into separate deeds of indemnity with the following Directors in relation to unrelated entities named:

- A Aiello: Advantra Pty Limited; coolsavings.com, Inc; ForRetail.com, Inc; Redbricks.com, Inc; Sitel Australia Pty Limited; Ventius Corporation
- D C Clarke: Bondi Beach Railway Limited; FSAM Pty Limited; FSAT Pty Limited; FSB Pty Limited; HRL Morrison & Co Group Limited; IBM Global Services Australia Limited
- D H Higgins: Fox Studios Australia Pty Limited; FSAM Pty Limited; FSAT Pty Limited
- R E Tsenin: THI plc

In accordance with the Corporations Law, 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 $503,267 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 $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, 17 August 2000.

S G Hornery, AO
Chairman

D H Higgins
Managing Director

Notes to Consolidated Financial Statements

STATEMENTS OF FINANCIAL PERFORMANCE

Year ended 30 June 2000

	Notes	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
PROFIT AND LOSS STATEMENTS					
REVENUE FROM ORDINARY ACTIVITIES					
Revenue from the sale of development properties [1]	3(a)	1,259.3	1,014.2		
Revenue from the provision of services	3(b)	7,515.1	2,275.8	55.4	54.8
Statutory Funds revenue	3(c),36(b)	3,585.6			
Other revenues from ordinary activities	3(d)	636.8	828.8	348.9	230.5
Total revenue from ordinary activities		**12,996.8**	**4,118.8**	**404.3**	**285.3**
EXPENSES FROM ORDINARY ACTIVITIES					
Cost of development properties sold [1]		(1,087.8)	(762.8)		
Project & construction management costs		(6,113.2)	(1,264.0)		
Employee expenses		(621.3)	(433.1)	(12.1)	(10.1)
IT related expenses		(79.5)	(50.7)		
Occupancy expenses		(83.6)	(68.9)		
Professional fees		(81.7)	(77.5)		
Statutory Funds expenses	36(b)	(3,204.5)			
Cost of investments sold		(169.5)	(97.0)	(6.4)	
Net movement in provisions	4	(251.9)	(149.8)	(98.1)	(9.5)
Other expenses		(336.8)	(587.7)	(51.4)	(15.8)
Total expenses from ordinary activities		**(12,029.8)**	**(3,491.5)**	**(168.0)**	**(35.4)**
Share of net profit of associates accounted for using the equity method	31	13.1	1.6		
Share of net profit of joint ventures accounted for using the equity method	32	3.7			
Earnings before interest, tax, depreciation and amortisation (EBITDA)		**983.8**	**628.9**	**236.3**	**249.9**
Depreciation on property, plant and equipment and leasehold improvements		(29.4)	(12.3)	(1.5)	(1.9)
Amortisation of management agreements	15	(12.4)	(8.6)		
Amortisation of goodwill	14	(40.1)	(4.8)		
Other amortisation	16	(3.2)	(1.2)		
Borrowing costs	4	(142.5)	(85.9)	(19.9)	(19.5)
Profit before tax from ordinary activities	4	**756.2**	**516.1**	**214.9**	**228.5**
Income tax expense relating to ordinary activities	5(a)	(316.0)	(95.7)	(15.8)	(19.3)
Profit after tax from ordinary activities		**440.2**	**420.4**	**199.1**	**209.2**
Ordinary profit after tax attributable to outside equity interests		**(8.0)**			
Profit after tax attributable to Lend Lease Corporation Limited		**432.2**	**420.4**	**199.1**	**209.2**
Extraordinary items after income tax	6	**3,112.3**		**1,986.1**	
Net profit attributable to Lend Lease Corporation Limited		**3,544.5**	**420.4**	**2,185.2**	**209.2**

	Consolidated June 2000 $m	Consolidated June 1999 $m
(1) Revenue from the sale of development properties	1,259.3	1,014.2
Cost of development properties sold	(1,087.8)	(762.8)
Gross profit from the sale of development properties	**171.5**	**251.4**

The accompanying notes form part of these financial statements.

Notes to Consolidated Financial Statements continued

STATEMENTS OF FINANCIAL PERFORMANCE continued
Year ended 30 June 2000

		Consolidated		Company	
	Notes	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
EQUITY STATEMENTS					
Equity at the beginning of the financial year		**3,468.8**	**3,237.4**	**2,626.3**	**2,615.4**
Movements comprise:					
Movements in contributed equity	22	80.1	(47.0)	80.1	(50.2)
Dividends paid or declared	7	(326.6)	(302.5)	(326.6)	(302.5)
Dividends foregone pursuant to share election plan		31.4	22.4	31.4	22.4
Adjustment to retained profits resulting from change in accounting policy for investments in associates	24,31		(5.3)		
Adjustment to retained profits resulting from change in accounting policy for investments in joint ventures	24,32	(1.0)			
Adjustment to retained profits at the beginning of the financial year on initial adoption of AASB1038 – Life Insurance Business	24	(456.0)			
Net profit attributable to Lend Lease Corporation Limited		3,544.5	420.4	2,185.2	209.2
Other changes in equity					
Movement in asset revaluation reserve	23	(1,053.7)	132.0		132.0
Net exchange difference on translation of financial report of self-sustaining foreign operation	23	8.3	(5.3)		
Total revenues, expenses and valuation adjustments attributable to members of Lend Lease Corporation Limited		**1,827.0**	**214.7**	**1,970.1**	**10.9**
Total changes in outside equity interests in controlled entities	25	10.8	16.7		
Total movement in equity for the financial year		**1,837.8**	**231.4**	**4,596.4**	**10.9**
Equity at the end of the financial year		**5,306.6**	**3,468.8**	**4,596.4**	**2,626.3**

		Notes	June 2000	June 1999	June 2000	June 1999
Dividend payout ratio (excluding extraordinary item)	(%)	7	75.6	72.0		
Dividend per share	(cents)	7	64.0	60.0	64.0	60.0
Basic earnings per share (excluding extraordinary item)	(cents)	7	84.7	82.6		
Basic earnings per share (including extraordinary item)	(cents)	7	695.0	82.6		

The accompanying notes form part of these financial statements.

Notes to Consolidated Financial Statements continued

STATEMENTS OF FINANCIAL POSITION

Year ended 30 June 2000

	Notes	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
CURRENT ASSETS					
Cash and cash equivalents	8	3,483.8	620.7		
Receivables	9	1,973.1	819.4	813.1	328.3
Inventories	10	572.1	755.7		
Other investments	12	220.6	27.4		
Other assets	16	16.4	10.9	0.2	0.1
Total current assets		**6,266.0**	**2,234.1**	**813.3**	**328.4**
NON CURRENT ASSETS					
Receivables	9	248.8	109.6	4,770.1	1,696.5
Inventories	10	1,076.8	1,212.8		
Equity accounted investments	11	166.8	289.7		
Other investments	12	771.4	2,621.0	1,064.3	2,887.7
Future income tax benefit	5(d)	331.1	230.0	56.2	53.1
Property, plant and equipment	13	130.1	78.6	8.8	9.1
Goodwill	14	1,026.1	86.4		
Management agreements	15	860.3	404.0		
Other assets	16	64.5	25.0		
Total non current assets		**4,675.9**	**5,057.1**	**5,899.4**	**4,646.4**
Total assets		**10,941.9**	**7,291.2**	**6,712.7**	**4,974.8**
CURRENT LIABILITIES					
Creditors	17	2,401.5	1,079.9	80.2	371.3
Borrowings	18	128.7	825.6		
Current tax liabilities	5(b)	621.0	73.9	554.2	8.7
Provisions	19	504.1	275.0	179.7	156.8
Other interest bearing liabilities	20	34.2	30.1		
Other non interest bearing liabilities	21	110.1	167.4		
Total current liabilities		**3,799.6**	**2,451.9**	**814.1**	**536.8**
NON CURRENT LIABILITIES					
Creditors	17			1,293.5	1,811.0
Borrowings	18	916.8	384.6		
Provisions	19	67.5	53.6	8.4	0.4
Provision for deferred income tax	5(c)	154.3	128.6	0.3	0.3
Other interest bearing liabilities	20	326.6	336.3		
Other non interest bearing liabilities	21	370.5	467.4		
Total non current liabilities		**1,835.7**	**1,370.5**	**1,302.2**	**1,811.7**
Total liabilities		**5,635.3**	**3,822.4**	**2,116.3**	**2,348.5**
NET ASSETS		**5,306.6**	**3,468.8**	**4,596.4**	**2,626.3**
EQUITY					
Contributed equity	22	1,342.1	1,262.0	1,342.1	1,262.0
Reserves	23	117.1	1,162.5	104.6	1,116.6
Retained profits	24	3,819.9	1,027.6	3,149.7	247.7
Total parent equity interest		**5,279.1**	**3,452.1**	**4,596.4**	**2,626.3**
Outside equity interests in controlled entities	25	27.5	16.7		
Total equity		**5,306.6**	**3,468.8**	**4,596.4**	**2,626.3**

The accompanying notes form part of these financial statements.

Notes to Consolidated Financial Statements continued

STATEMENTS OF CASH FLOWS
Year ended 30 June 2000

	Notes	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		7,822.1	1,932.1	55.0	55.3
Cash payments in the course of operations		(8,286.6)	(1,851.9)	(104.0)	(61.9)
Property development receipts	28(b)	1,254.2	1,325.2		
Property development expenditures	28(b)	(883.6)	(1,183.0)		
Interest received	28(b)	511.6	38.8	3.0	19.1
Dividends received	28(b)	491.3	35.8	287.0	179.6
Distributions from partnerships received	28(b)	20.1	15.3		
Distribution of profits to shareholder from Statutory Funds			152.6		
Income tax paid	5(b),28(b)	(243.1)	(90.9)	(13.2)	(4.5)
Interest paid		(127.8)	(71.2)	(19.9)	(19.5)
Premiums received	28(b)	3,609.4			
Policy payments	28(b)	(3,855.0)			
Net proceeds from sales and purchases of Statutory Funds investments		413.6			
Net cash provided by operating activities	28(a)	**726.2**	**302.8**	**207.9**	**168.1**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale/redemption of investments	28(b)	218.6	195.1	27.0	
Purchases of investments	28(b)	(133.5)	(239.4)		(7.1)
Cash collateral on Westpac hedge	12		402.2		
Repayment of loan made to associate	28(b)	21.5	(21.5)		
Proceeds from sale of controlled entities	28(d)	4,596.7	296.0	4,596.7	
Payment for acquisition of controlled entities	28(c)	(1,688.9)	(224.9)		(47.8)
Proceeds from sale of property, plant and equipment		0.2	1.0		
Purchases of property, plant and equipment	28(b)	(45.4)	(15.6)	(1.5)	(2.1)
Net cash provided by investing activities		**2,969.2**	**392.9**	**4,622.2**	**(57.0)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	28(b)	3,839.7	1,633.5		
Repayment of borrowings	28(b)	(4,394.0)	(1,845.2)		
Net proceeds from share issues		124.1	108.3	124.1	108.3
Payments for share buy backs	22	(12.6)	(142.6)	(12.6)	(142.6)
Dividends paid		(319.0)	(281.8)	(319.0)	(281.8)
Decrease in financing of controlled entities				(4,622.6)	(23.5)
Net cash used in financing activities		**(761.8)**	**(527.8)**	**(4,830.1)**	**(339.6)**
OTHER CASH FLOW ITEMS					
Effect of exchange rate changes on cash and cash equivalents		17.1	(19.6)		
Cash balances in controlled entities (sold)/acquired		(458.7)	(9.2)		
Net decrease from other items		**(441.6)**	**(28.8)**		
Net increase/(decrease) in cash and cash equivalents		**2,492.0**	**139.1**		**(228.5)**
Cash and cash equivalents at beginning of year:					
Attributable to Operating Businesses		620.7	481.6		228.5
Attributable to Statutory Funds		371.1			
Cash and cash equivalents at beginning of year		**991.8**	**481.6**		**228.5**
Cash and cash equivalents at end of year	8	**3,483.8**	**620.7**		

The June 2000 Consolidated Statement of Cash Flows includes the cash flows of the Statutory Funds. Refer to Note 28(e) for further details.

The accompanying notes form part of these financial statements.

Notes to Consolidated Financial Statements continued

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Corporations Law and Urgent Issues Group consensus views. The Financial Statements have been prepared under the historical cost convention with the exception of assets and liabilities of the Statutory and Shareholder Funds of MLC Limited and MLC Lifetime Company Limited pursuant to the provisions of Australian Accounting Standard AASB1038 Life Insurance Business ("AASB1038"). The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year, except where otherwise noted.

The directors of Lend Lease have elected to apply revised Accounting Standard AASB1018 Statements of Financial Performance, revised AASB1034 Financial Report Presentation and Disclosures and AASB1040 Statements of Financial Position before their mandatory applicable dates, in accordance with sub section 334(5) of the Corporations Law.

Basis of Consolidation

The Lend Lease Group ("Lend Lease") consolidation comprises all entities controlled by Lend Lease Corporation Limited ("Lend Lease Corporation"). Lend Lease sold its Financial Services businesses on 30 June 2000. As such the profits and losses of those entities have been included in the consolidated profit for Lend Lease for the year ended 30 June 2000. This includes the profits of the Statutory Funds of MLC Limited ("MLC") and MLC Lifetime Company Limited ("MLC Lifetime"), and the life insurance operations of PT Simas Lend Lease Life ("Simas") and CEF Lend Lease Life Assurance Ltd ("CEF Life"), which is required by AASB1038. The assets and liabilities of those entities have not been included in the Lend Lease consolidated Statements of Financial Position, as they were sold on 30 June 2000. Prior to 1 July 1999 (the date of implementation of AASB1038) Lend Lease did not consolidate the Statutory Funds.

(b) STATUTORY FUNDS

Types of Business

The Life Insurance operations of MLC and MLC Lifetime consisted of Investment Linked business and Non-Investment Linked business which were conducted in separate Statutory Funds as required under the Life Act .

Investment Linked Business related to business where policyholders' investments were made into the Statutory Funds and policyholders' returns were directly linked to the investment performance of the assets in that Fund. The policyholder bears all the risks and rewards of the investment performance. The policyholder has no direct access to the specific assets, however, the policy value is calculated by reference to the market value of the Statutory Fund's assets. Investment Linked business included superannuation and allocated pension business.

Non-Investment Linked Business referred to businesses where an insured benefit is payable on the occurrence of a specified event such as death, injury or disability caused by accident or illness or, in the case of an annuity, either the continuance of the annuitant's life or the expiry of the annuity term. The benefit payable is not referrable to the market value of the Fund's assets. Non-Investment Linked business included traditional whole of life and endowment policies (where the risks and rewards generally are shared between policyholder and shareholder) and risk products such as death, disability and income insurance (where the shareholder bears all the financial risks).

Restrictions on Assets

The assets and liabilities held in the Statutory Funds were subject to the restrictions of the Life Act and the Memorandum and Articles of Association of MLC and MLC Lifetime. The main restrictions were that the assets in a Statutory Fund could only be used to meet the liabilities and expenses of the Fund, to acquire investments to further the business of the Fund or make profit distributions when solvency and capital adequacy requirements of the Life Act were met. Therefore, assets held in the Statutory Funds were not available for use by other parts of the Lend Lease business other than any profits generated in the Statutory Funds. Conversely, the liabilities of the Statutory Funds (including policy holder liabilities) were not obligations of Lend Lease but were obligations of (and quarantined to) the Statutory Funds.

(c) REVENUE

Revenue from the Sale of Development Properties represents:

- for property held for resale whilst under development where an unconditional sales contract is in place or when all conditions under the sales contract have been met or are reasonably likely to be met, the proportion of the development completed;
- for completed properties held for resale, upon exchange of unconditional sales contract;
- for property construction, the value of work performed, and
- for property and funds management, capital services and property development, management fee entitlement for services rendered.

Notes to Consolidated Financial Statements continued

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(c) REVENUE continued

Premium and Related Revenue

Investment Linked
Premiums received, which are in the nature of investment deposits, have the fee portion of the premium recognised as revenue and the deposit portion recognised as an increase in policy liabilities. Premiums are recognised on a cash received basis.

Non-Investment Linked
Premiums received for providing services and bearing risks are recognised as revenue. Premiums with a regular due date are recognised as revenue on an accrual basis.

Statutory Funds Investment Revenue

Interest, Dividends and Rents
Dividends are recognised on a due and receivable basis. All other investment income is recognised on an accrual basis. Rents are shown net of outgoings.

Realised and Unrealised Gains and Losses
Realised and unrealised gains and losses on investments are included in investment revenue.

Dividends

Dividends are recognised when declared.

Rental Income represents:

- for property owned, share of net operating income of property.

Proceeds on Sale of Investments

Proceeds on sale of investments are recognised when they can be reliably determined. In the case of shares in Westpac Banking Corporation (Westpac) which have been disposed of in accordance with a forward sale agreement (Note 12), the dividend entitlements are recognised as proceeds on sale when the dividends are declared.

Shareholders' Fund Investment Revenue

Investments held by the Shareholders' Funds of MLC and MLC Lifetime are subject to revaluation each year on a net market value basis. The resulting net unrealised gains and losses are recognised as investment revenue.

(d) PROFITS

Profits are brought to account:

- for property construction, progressively at an amount equivalent to general overheads or an amount equivalent to the value of work performed when the outcome of a contract can be reliably determined (Lend Lease does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete);
- for property held for resale whilst under development where an unconditional sales contract is in place or when all conditions under the sales contract have been met or are reasonably likely to be met, progressively at an amount equivalent to the value of work performed when both revenues and costs to complete can be reliably determined (Lend Lease does not consider that revenues and costs can be reliably determined until a development is at least 50% complete);
- for completed properties held for resale, upon exchange of unconditional sales contract;
- for goods and services, when such goods or services have been supplied or rendered;
- for rental income, when due; and
- for investments held by the Shareholders' Funds of MLC and MLC Lifetime, when their net market value has changed.

Notes to Consolidated Financial Statements continued

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(d) PROFITS continued

Statutory Funds Profits

General
Profits were brought to account in the Statutory Funds on a Margin On Services ("MOS") basis in accordance with guidance provided by Actuarial Standard 1.02 "Valuation Standard" as issued by the Life Insurance Actuarial Standards Board.

Under MOS, profit was recognised as fees were received and services were provided to policyholders. When fees were received but the service had not been provided, the profit was deferred. Losses were expensed when identified.

Consistent with the principle of deferring unearned profit was the requirement to defer expenditure associated with the deferred profit. MOS permitted costs associated with the acquisition of policies to be charged to the profit and loss account over the year that the policy would generate profits. Costs could only be deferred, however, to the extent that a policy was expected to be profitable (Refer Policy Acquisition Costs).

Investment Linked Business
Profit from Investment Linked business was derived as the excess of fees earned by the Shareholder for managing the funds invested, over operating expenses and amortisation of policy acquisition costs.

Non-Investment Linked Business
Profit arising from policies comprising Non-Investment Linked business was based on actuarial assumptions, and calculated as the excess of premiums and investment earnings less claims, operating expenses and the amortisation of acquisition costs that would be incurred over the estimated life of the policies. The profit was systematically recognised over the estimated time period the policy would remain in force.

Certain policies were entitled to share in the profits that arose from the Non-Investment Linked business. This profit sharing was governed by the Life Act and the Life Insurance Company's Memorandum and Articles of Association. This profit sharing amount has been treated as an expense in these Financial Statements.

Claims Recognition
Claims arising on policies that provided services and bore risks (generally Non-Investment Linked business) have been shown as expenses. These claims were recognised as an expense when the liability to the policyholder under the policy contract had been established, or upon notification of the insured event depending on the type of claim. Amounts paid which were in the nature of withdrawals (generally Investment Linked business), have been recognised in the Financial Statements as reductions in Policy Liabilities.

Policy Acquisition Costs (or new business selling costs)
The costs incurred in selling or generating new business included financial planner advisor fees, commission payments, application processing costs, advertising, promotion of products and related activities.

The amount of new business selling costs (not recovered by specific charges received from the policyholder at inception) were effectively deferred (provided that the business generated continues to be profitable). The deferred costs were reflected as a reduction to policy liabilities and were amortised in the profit and loss account over the expected duration of the relevant policies.

Expense Apportionment in Statutory Funds
Expenses incurred by the Statutory Funds were equitably apportioned between the different types of policies and Shareholders.

(e) INCOME TAX

General

Lend Lease applies the liability method of tax effect accounting whereby income tax expense is calculated on the pre-tax profit adjusted for permanent differences. Income tax relating to timing differences arising from items being brought to account in different periods for income tax and accounting purposes is carried forward in the Statements of Financial Position as "Future Income Tax Benefit" or "Provision for Deferred Income Tax". Future income tax benefits relating to income tax losses are only brought to account when their realisation is virtually certain.

Statutory Funds

The taxation of a life company was based neither on the concept of profit nor the movement in the balance of Statutory Funds, and so prima facie tax could not be calculated and a reconciliation of the income tax expense to the prima facie tax payable required by the standard was not possible.

Notes to Consolidated Financial Statements continued

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(e) INCOME TAX continued

Statutory Funds continued

Tax expense represented the tax on taxable income (as determined under the Income Tax Assessment Act) which generally represented the difference between investment income and operating expenses, determined at varying rates depending on the type of business (refer Note 5(a) for details of tax rates).

(f) INVESTMENTS

Investments are carried at the lower of cost or recoverable amount. The assessment of net recoverable amount of each holding is carried out at least annually by an independent valuer for assets carried in the Statements of Financial Position at over $100 million and for assets carried in the Statements of Financial Position at over $20 million where the last independent valuation was less than 10% higher than Statements of Financial Position value; for other assets carried in the Statements of Financial Position between $20 million and $100 million at least bi-annually; and for other assets at least once every three years.

The independent valuers determine the recoverable amount of each asset using valuation methodologies appropriate to the particular nature and circumstances of each asset. Such methodologies, where appropriate, include discounting the expected net cash flows to their present value.

(g) ASSOCIATES

Associates are those entities over which the economic entity exercises significant influence, but not control. Investments in associates are accounted for in the consolidated accounts using the equity method. This method requires the carrying amount of investments in associates to be adjusted by the economic entity's share of the associates' net profit or loss after tax and other movements in reserves. These amounts are recognised in the group's consolidated Statements of Financial Position account and consolidated reserves respectively.

Dividends from associates represent a return of the Group's investment and as such are applied as a reduction to the carrying value of the investment.

(h) RECEIVABLES

Trade Debtors

Trade debtors are carried at amounts due and are generally due for settlement within 30 days. The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

Bills of Exchange

Bills of exchange have been purchased in the market at a discount to face value. The bills are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. The discount is brought to account on an accruals basis.

(i) INVENTORIES

Property Held for Resale

Property acquired for development and sale in the ordinary course of business is carried at cost to date, including borrowing costs incurred.

The net recoverable amount of each holding is assessed by independent valuers and a provision for diminution in value is raised by the Directors where cost (including costs to complete) exceeds the valuation. The assessment of net recoverable amount is carried out in accordance with a policy consistent with that applied for investments (refer Note 1(f)).

Construction and Development Work in Progress

The gross amount of construction and development work in progress consists of costs attributable to work performed together with emerging profit and after providing for any foreseeable losses.

(j) PROPERTY, PLANT AND EQUIPMENT

Land, buildings and leasehold improvements are included at not more than cost or a previous valuation to which the cost of additions since that valuation is added.

Except for investment properties, depreciation is provided on cost or valuation over the economic lives of the assets. Amortisation is provided on leasehold improvements over the remaining period of the lease. Most plant is depreciated over a period not exceeding 10 years, furniture and fittings over 15 years, motor vehicles over 8 years and computer equipment over 3 years.

Notes to Consolidated Financial Statements continued

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(k) MANAGEMENT AGREEMENTS

Management agreements are held at cost. These agreements are independently valued in accordance with a policy consistent with that applied for investments (refer Note 1(f)). Management agreements are amortised over their estimated useful lives, assessed, on average, to be 50 years.

(l) GOODWILL

Goodwill represents the excess of the purchase consideration plus incidental acquisition costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, and is amortised on a straight line basis over a period not exceeding 20 years.

In establishing the fair value of the identifiable net assets acquired, a liability for restructuring costs is only recognised at the date of acquisition where there is a demonstrable commitment and a detailed plan. The liability is only recognised where there is little or no discretion to avoid payments to other parties in settlement of costs of the restructuring and a reliable estimate of the amount of the liability as at the date of acquisition can be made.

The unamortised balance of goodwill is reviewed and where the balance exceeds the value of expected future benefits, the difference is charged to the profit and loss account.

(m) IT SYSTEMS

Direct costs incurred in the development of major IT Systems are capitalised on the Statements of Financial Position. A major IT System is one that has a total cost in excess of $10.0 million and that will provide demonstrable on-going benefits to Lend Lease.

IT Systems are amortised on a straight line basis over a period not exceeding 5 years.

Change in Accounting Policy

The capitalisation of major IT Systems' development costs on to the Statements of Financial Position represents a change in accounting policy. In previous years the costs of such developments were expensed in the profit and loss account as incurred. The changed policy has been adopted due to the nature of major IT investments providing benefits in succeeding years.

The policy is effective from 1 July 1999. The change in accounting policy led to the creation of an IT Systems asset of $26.5 million on the Statements of Financial Position. The change in accounting policy also increased operating profit after tax by $15.5 million as compared to the previous policy of charging such expenditures to the profit and loss account as incurred.

(n) EMPLOYEE BENEFITS

Employees' superannuation funds and retirement plans provide benefits for employees. In addition, Lend Lease provides an employee profit sharing scheme and share plans for employees, subject to eligibility. Contributions by Lend Lease companies are charged against current income.

(o) TRADE CREDITORS

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to Lend Lease. Trade accounts payable are normally settled within 60 days.

(p) STATUTORY FUNDS POLICY LIABILITIES

The largest expense of Statutory Funds is the movement in policy liabilities between periods. The policy liabilities of the Statutory Funds and the change in policy liabilities disclosed in the operating expenses in the Statements of Financial Performance have been calculated using the MOS methodology in accordance with guidance provided by Actuarial Standard 1.02 "Valuation Standard" as issued by the Life Insurance Actuarial Standards Board.

Policy liabilities for Investment Linked business are calculated using the Accumulation Method. The liability is generally the accumulation of amounts invested by policyholders plus investment earnings less fees specified in the policy. Deferred acquisition costs are offset against this liability.

Policy liabilities from Non-Investment Linked business are measured mainly using the Projection Method which is the net present value of estimated future policy cash flows. Future cash flows represents the payment of policy benefits (including bonuses), operating expenses and expected profits less the receipt of premiums. The Accumulation Method may be used only where the result would not be materially different to the Projection Method.

Notes to Consolidated Financial Statements continued

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(p) STATUTORY FUNDS POLICY LIABILITIES continued

The measurement of policy liabilities is subject to actuarial assumptions. Assumptions made in the calculation of the policy liability at each reporting date are based on best estimates at that date. The assumptions include the benefits payable under the policies on death, disablement or surrender, future premiums, investment earnings and expenses. "Best estimate" means that assumptions are neither too optimistic nor too pessimistic but reflect the most likely outcome. The assumptions used in the calculation of the policy liabilities are reviewed at each reporting date. A summary of the significant actuarial methods and assumptions used is contained in Note 36(c).

(q) BORROWINGS

Borrowings are carried on the Statements of Financial Position at the sum of the drawn principal and accrued interest, which is accrued at the contracted rate.

(r) FOREIGN CURRENCY

Lend Lease's international currency management strategy and policy is detailed in Note 29.

Assets and liabilities of self sustaining foreign operations and, where applicable, the corresponding forward foreign exchange contract hedges are converted at rates of exchange ruling at balance date and the resulting foreign currency gains and losses are recorded net of income tax in the Foreign Currency Translation Reserve. Other Foreign Currency Translation Reserve amounts are transferred to the profit and loss account when the underlying assets change in nature or are realised.

All other assets and liabilities denominated in foreign currency, and where applicable the corresponding forward foreign exchange contract hedges, are converted at rates of exchange at balance date and the resulting foreign currency gains and losses are taken to profit and loss in the year in which they arise.

Forward foreign exchange contract hedges taken out in respect of the projected future profits of foreign operations (Note 29) are converted at the ruling rates of exchange at balance date. The resulting foreign currency gains and losses are taken to profit and loss for hedge contracts that relate to the current year, or held on the Statements of Financial Position as an asset or a liability for hedge contracts that relate to future period profits, provided that sufficient profits are expected to be made by the foreign operations. The effect is to record profit from foreign operations at the hedged exchange rate.

(s) DERIVATIVES

Lend Lease is exposed to changes in interest rates and foreign exchange rates and uses interest rate swaps, cross currency swaps, options, and forward foreign exchange contracts to hedge these risks.

Derivative financial instruments designated as hedges are accounted for on the same basis as the underlying exposure.

Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the profit and loss account as an adjustment to interest expense during the year, or capitalised within inventories when incurred in relation to property acquired for development and resale (refer Note 1(i)).

The accounting policy for forward foreign exchange contracts is set out in Note 1(r).

Statutory Funds

The Statutory Funds used derivative financial instruments, principally futures contracts, options, interest rate swaps and forward exchange contracts, as part of their investment methodology. Futures were primarily used for the purpose of changing market exposures and asset allocation while foreign currency exchange contracts were entered into either to attain desired currency exposures or to hedge against existing currency exposure in respect of certain holdings of investments in foreign currencies. Interest rate swaps were used to manage interest rate risk, interest rate swap receipts and payments were accrued to the profit and loss account as interest on the hedged items over the life of the swap.

Notes to Consolidated Financial Statements continued

2. SEGMENT REPORTING

The segment results are discussed and analysed in the Management Discussion and Analysis of Financial Condition included within this report. The extraordinary profit on the sale of the Financial Services businesses are excluded from the segment results.

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
BUSINESS SEGMENT SUMMARY								
Project and Construction Management	6,512.3	1,401.9	101.2	53.5	56.3	36.5	2,755.6	378.5
Property Development	1,299.9	1,064.6	22.8	196.1	11.3	127.9	2,049.2	2,797.5
Real Estate Investments (1)	752.1	552.8	231.4	103.1	151.6	77.9	2,733.1	1,344.8
Real Estate Services		320.3		17.6		11.4		
Financial Services								
Statutory Funds	3,585.6	176.1	362.8	176.1	196.4	176.1		
Other	477.3	429.8	62.6	43.3	34.2	24.4		2,323.0
IT + T Investments	87.0	25.5	59.6	10.2	38.1	9.2	96.9	94.1
Equity Investments	218.6	77.3	134.4	51.5	98.4	50.8	93.7	176.3
Other items (2)	64.0	70.5	(218.6)	(135.3)	(154.1)	(93.8)	3,213.4	177.0
Total	**12,996.8**	**4,118.8**	**756.2**	**516.1**	**432.2**	**420.4**	**10,941.9**	**7,291.2**
% of Total Group								
Project and Construction Management	50.1%	34.0%	13.4%	10.4%	13.0%	8.7%	25.2%	5.2%
Property Development	10.0%	25.9%	3.0%	38.0%	2.6%	30.4%	18.7%	38.4%
Real Estate Investments (1)	5.8%	13.4%	30.6%	19.9%	35.1%	18.5%	24.9%	18.4%
Real Estate Services		7.8%		3.4%		2.7%		
Financial Services								
Statutory Funds	27.6%	4.4%	48.0%	34.1%	45.5%	41.9%		
Other	3.6%	10.3%	8.3%	8.4%	7.9%	5.8%		31.9%
IT + T Investments	0.7%	0.6%	7.9%	2.0%	8.8%	2.2%	0.9%	1.3%
Equity Investments	1.7%	1.9%	17.8%	10.0%	22.8%	12.1%	0.9%	2.4%
Other items (2)	0.5%	1.7%	(29.0%)	(26.2%)	(35.7%)	(22.3%)	29.4%	2.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
BUSINESS GEOGRAPHICAL SEGMENT SUMMARY								
Australia & Pacific	6,769.8	2,272.7	542.4	273.8	325.7	251.4	4,703.8	4,137.3
North America	3,439.6	719.8	153.2	87.1	94.6	69.3	3,626.3	999.0
Asia	383.7	126.5	22.5	(12.9)	10.4	(16.7)	370.5	251.0
Europe	2,359.2	959.4	174.2	232.9	105.3	161.5	2,241.3	1,903.9
Group finance and hedging costs	44.5	40.4	(80.4)	(50.2)	(48.1)	(30.5)		
Group amortisation			(55.7)	(14.6)	(55.7)	(14.6)		
Total	**12,996.8**	**4,118.8**	**756.2**	**516.1**	**432.2**	**420.4**	**10,941.9**	**7,291.2**
% of Total Group								
Australia and Pacific	52.1%	55.2%	71.7%	53.0%	75.3%	59.8%	43.0%	56.7%
North America	26.5%	17.5%	20.3%	16.9%	21.9%	16.5%	33.1%	13.7%
Asia	2.9%	3.0%	3.0%	(2.5%)	2.4%	(4.0%)	3.4%	3.4%
Europe	18.2%	23.3%	23.0%	45.1%	24.4%	38.4%	20.5%	26.2%
Group finance and hedging costs	0.3%	1.0%	(10.6%)	(9.7%)	(11.1%)	(7.3%)		
Group amortisation			(7.4%)	(2.8%)	(12.9%)	(3.4%)		
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

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

(1) Real Estate Investments includes the former Capital Services business segment.
(2) Other items includes corporate administration services, amortisation expense and Group Treasury.

Notes to Consolidated Financial Statements continued

2. SEGMENT REPORTING continued

The principal activities of each industry segment are:

PROJECT AND CONSTRUCTION MANAGEMENT

Real estate project management, project design, project financing and construction management.

PROPERTY DEVELOPMENT

All aspects of property development from concept through to design, planning, construction, financing, leasing and eventual sale.

REAL ESTATE INVESTMENTS

Management of real estate investment funds, limited partnerships and trusts on behalf of clients (including acquiring, managing and selling investments), co-investment in funds, portfolio management, originating and servicing of commercial and residential mortgages, shopping centre leasing, management and re-development (in Australia) and acting as financial advisor and arranger of project finance and related services.

REAL ESTATE SERVICES

Property management and facilities management. This business was sold during the previous financial year.

FINANCIAL SERVICES

- Funds Management operations, including superannuation and investment services for both retail and corporate clients; management of investment and unit trusts; investment management and portfolio management services for corporate and institutional clients;
- Life Insurance operations covering traditional life insurance business and wealth protection;
- Funds Administration businesses which operate as fund administrators, providing customers with the ability to direct their investments to fund managers and investment products of their choice (not just MLC), with the fund administrators providing one point of service for their customers; and
- Investment Management which provides strategic investment advice, asset management and investment portfolio management services.

This business was sold on 30 June 2000.

IT+T INVESTMENTS

Relate to holdings in information technology (IT) and telecommunication services companies which provide an IT service to corporations and governments.

EQUITY 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.

OTHER ITEMS

Group Treasury, amortisation and corporate administration services. All financing costs that are not directly related to a real estate development project are reported in the other items segment, irrespective of where those costs are incurred.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
3. REVENUE				
Sale of development properties	1,259.3	1,014.2		
Revenue from the provision of services	7,515.1	2,275.8	55.4	54.8
Statutory funds revenue	3,585.6			
Other revenue from ordinary activities	636.8	828.8	348.9	230.5
Total revenue	**12,996.8**	**4,118.8**	**404.3**	**285.3**
Total comprising:				
(a) REVENUE FROM THE SALE OF DEVELOPMENT PROPERTIES				
Bluewater	530.6	831.5		
Darling Park Stages I & II	248.1			
Overgate, Dundee	193.9			
Olympic Village	183.4	27.3		
155 Macquarie Street (25% share)	18.6	14.7		
Solihull land (to Retail Partnership)		46.1		
Riverside II		17.8		
Other	84.7	76.8		
	1,259.3	**1,014.2**		
(b) REVENUE FROM THE PROVISION OF SERVICES				
Project & Construction Management	6,504.7	1,401.4		
Property Development	24.1	39.0		
Real Estate Investments	551.6	421.8		
Real Estate Services		24.0		
Financial Services	415.8	378.9	43.8	43.8
Group Services	18.9	10.7	11.6	11.0
	7,515.1	**2,275.8**	**55.4**	**54.8**
(c) STATUTORY FUNDS REVENUE [1]				
MLC Limited (refer Note 36(b))	2,992.6			
MLC Lifetime (refer Note 36(b))	593.0			
	3,585.6			
(d) OTHER REVENUE FROM ORDINARY ACTIVITIES				
Dividends Received				
Controlled entities			278.5	160.7
Related parties				
IBMGSA		8.5		8.5
Other	0.2	0.9		
Other corporations	13.0	13.8	12.0	10.4
	13.2	**23.2**	**290.5**	**179.6**
Rental Income				
Bluewater	52.5	12.5		
Darling Park	12.6	9.3		
Overgate, Dundee	4.4			
Other	3.6	0.2		
	73.1	**22.0**		
Interest Received				
Controlled entities			0.6	11.5
Other related parties	11.8	9.3	1.9	0.1
Other corporations	32.7	31.1	0.5	7.5
	44.5	**40.4**	**3.0**	**19.1**

(1) Under AASB1038, effective 1 July 1999, Life Insurance entities are now consolidated with the results of Lend Lease.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
3. REVENUE continued				
(d) OTHER REVENUE FROM ORDINARY ACTIVITIES continued				
Proceeds On Sale Of Investments				
Westpac (1)	173.4	45.0		
SITEL Corporation	48.4			
Mirvac Stapled Securities	43.6			
Advantra	27.0		27.0	
Fareham Retail Partnership	26.7			
Vestar Long Beach	40.5			
Prospect Water Partnership (partial)	11.5			
Sitel Asia Pacific		10.1		
Hoyts		28.4		
Park City, Inc		41.1		
Tower Energy and Appin Power Partnership		8.0		
Redemption of BIILL Investment Funds		4.8		
LL NHP Partnership		13.1		
Other	9.3	4.5		(1.6)
	380.4	**155.0**	**27.0**	**(1.6)**
NET UNREALISED GAINS/(LOSSES) ON INVESTMENTS (2)				
FlexiPlan	44.8	33.3		
CEF Life	25.1			
Medfin	11.5	5.5		
Plum	9.6			
Simas Lend Lease Life	2.3	7.3		
Godfrey Pembroke	(36.3)			
Advance Assurance	(1.3)			
	55.7	**46.1**		
Share Of Partnership Result				
King of Prussia Associates	18.4	16.9		
Other	2.9	4.9		
	21.3	**21.8**		
Share Of Profit Of Statutory Funds (2)		**176.0**		
Other Revenue				
Guarantee fees	19.1	27.4	19.1	27.4
Other	29.5	20.9	9.3	6.0
	48.6	**48.3**	**28.4**	**33.4**
Proceeds On Sale Of Controlled Entities				
Sale of Real Estate Services business (3)		296.0		
Total other revenue from ordinary activities	**636.8**	**828.8**	**348.9**	**230.5**

(1) Westpac proceeds on investments comprise dividends on shares subject to forward sale, payment on termination of the forward sale and the partial release of the hedging arrangements (refer Note 12).

(2) Under AASB1038, effective 1 July 1999, Life Insurance entities are now consolidated with the results of Lend Lease.

(3) Represents proceeds on the sale of Real Estate Services to La Salle Partners on 31 October 1998. The sale included entities from North America, Australia and United Kingdom (sale of COMPASS business). This constitutes non operating revenue.

A reconciliation of revenue for each segment in 2000 is set out below. A more detailed analysis of revenue by segment is included within the Management Discussion and Analysis of Financial Condition and Results.

Notes to Consolidated Financial Statements continued

3. REVENUE continued

	Sale of Development Properties	Provision of Services	Statutory Funds Revenue	Other Revenue	Total per Segment Revenue
Project Management		6,504.7		7.6	6,512.3
Property Development	1,259.3	24.1		16.5	1,299.9
Real Estate Investments		551.6		200.5	752.1
Financial Services		415.8	3,585.6	61.5	4,062.9
IT + T Investments		11.6		75.4	87.0
Equity Investments				218.6	218.6
Group Services		7.3		56.7	64.0
	1,259.3	**7,515.1**	**3,585.6**	**636.8**	**12,996.8**

OTHER REVENUE BY SEGMENT	Dividends Received	Rental Income	Interest Received	Proceeds on Sale of Investments	Unrealised Gains	Revenue From Partners	Other Income	Total Other Revenue
Project Management							7.6	7.6
Property Development		16.2		0.3				16.5
Real Estate Investments		56.9		87.3		21.3	35.0	200.5
Financial Services				0.4	55.7		5.4	61.5
IT + T Investments				75.4				75.4
Equity Investments	1.0			217.0			0.6	218.6
Group Services	12.2		44.5					56.7
	13.2	**73.1**	**44.5**	**380.4**	**55.7**	**21.3**	**48.6**	**636.8**

4. ORDINARY PROFIT

	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
Profit from ordinary activities before income tax is arrived at after including:				
BORROWING COSTS				
Non interest borrowing costs	12.1	99.0		
Less: Capitalised non interest borrowing costs		(86.4)		
Net non interest borrowing costs	**12.1**	**12.6**		
Interest borrowing costs				
Related parties	0.5	2.7		
Other corporations	146.7	134.1		
Controlled entities			19.9	19.5
Less: Capitalised interest borrowing costs	(16.8)	(63.5)		
Net interest borrowing costs	**130.4**	**73.3**	**19.9**	**19.5**
Net borrowing costs charged to profit and loss	**142.5**	**85.9**	**19.9**	**19.5**
Trade debtors bad debts expense	1.0	3.2		
(Profit) on sale of property, plant and equipment	(0.3)	(0.5)		
(Gain) on sale of controlled entity – COMPASS		(18.0)		

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
4. ORDINARY PROFIT continued				
(Gain)/loss on sale of investments				
Westpac	(117.0)	(45.0)		
Hoyts		(2.6)		
Mirvac	(15.8)			
Fareham Retail Partnership	(7.4)			
Prospect Water Partnership	(8.1)	(7.9)		
LL NHP Partnership		(4.1)		
Sitel Corporation	(31.3)			
Advantra	(20.6)		(20.6)	
Vestar Long Beach	(15.3)			
Other	4.6	1.6		
Total gain on sale of investments	**(210.9)**	**(58.0)**	**(20.6)**	
Net Foreign exchange losses/(gains)	**5.6**	**3.8**	**24.0**	**(26.7)**
Provisions				
Employee benefits	53.4	46.1	0.7	0.4
Maintenance and warranty	27.2	10.8		
Write-back of provision for maintenance and warranty	(13.4)	(2.5)		
Diminution in value of property inventories	11.4	17.7		
Doubtful debts	8.3	3.5	5.3	9.2
Diminution in value of investments	96.8	47.6	83.7	1.6
Write-back of provision for value of investments	(7.4)	(4.8)		(1.7)
Other provisions	86.4	38.4	8.4	
Write-back of other provisions	(10.8)	(7.0)		
Total movement in provisions	**251.9**	**149.8**	**98.1**	**9.5**
Operating lease rental expense	71.2	62.6	1.0	0.6
Finance lease expense	4.7	1.9		

The capitalised interest borrowing costs relates to Olympic Village ($2.6 million) Overgate, Dundee ($7.4 million) and Darling Park Stage III ($6.8 million). The average rate of interest on capitalised interest amounts was 6.7%.

The $142.5 million net borrowing costs charged to the profit and loss account comprises interest expense ($130.4 million) and other borrowing costs ($12.1 million). The increase in interest expense mainly relates to the acquisitions of Bovis, Boston Financial, CEF Life and the five businesses of AMRESCO, Inc (Lend Lease Mortgage Investment) made during the year.

The net interest borrowing costs includes $18.3 million of interest expenses in the Statutory Funds, which related to a subordinated debt facility in MLC ($8.5 million) and interest in relation to a reinsurance agreement in MLC Lifetime ($9.8 million). Interest expense incurred in the Statutory Funds are serviced by the cash flows of the Statutory Funds and therefore are a cost borne by the policyholders of the Statutory Funds.

The non interest borrowing costs of $12.1 million in June 2000 mainly comprised a loan break cost in relation to the repayment of the Bluewater facilities in July 1999. The non interest borrowing costs of $99.0 million in June 1999 mainly comprised swap break costs and loan break costs on Bluewater of $85.9 million and $10.0 million respectively.

The gain on sale of investment for Westpac of $117.0 million comprised three components. Firstly, $24.0 million related to the final dividend received on the 100 million shares that were subject to the forward sale (refer Note 12). An additional $1.3 million related to a fee received on the completion of that forward sale. Finally, $91.7 million related to the gain on the 15 million shares effectively sold with the partial unwinding of the hedge on the 40 million shares made in the previous financial year (refer Note 12).

The net foreign exchange loss of $5.6 million (June 1999 $3.8 million loss) comprised three elements. Firstly, foreign exchange gains on the translation of net assets from non self sustaining operations were $7.3 million. Secondly, during the year a portion of profits from the UK, US and Indian operations were hedged which resulted in a foreign exchange loss of $0.1 million. The profits of the foreign operations are increased by the gain on the hedges resulting in foreign profits emerging at the hedged rate. Finally, the cost of hedging net assets and profits for the year was $12.8 million. Hedging costs are the difference between spot and forward rates caused by the interest differential between Australia and the country of the currency being hedged.

Notes to Consolidated Financial Statements continued

4. ORDINARY PROFIT continued

The provision for maintenance and warranty has increased due to the acquisition of the Bovis Group. Provisions raised for the diminution in value of investments of $96.8 million related to Fox Studios. The provision for diminution of inventories of $11.4 million mainly related to the Overgate, Dundee ($10.3 million). Other provisions raised of $86.4 million related to provisions for the diminution in value of property investments ($47.5 million) and other provisions in relation to specific items not otherwise provided for in these financial statements ($38.9 million).

	Consolidated		Company	
	June 2000 $000's	June 1999 $000's	June 2000 $000's	June 1999 $000's
Auditors' remuneration				
Amounts received or due and receivable by the auditors of Lend Lease Corporation for:				
Auditing the accounts	4,419	2,074	271	237
Other services	11,165	8,838	119	106

The increase in auditors' remuneration for auditing the accounts mainly relates to the inclusion of the Statutory Funds' audit fees of $1.1 million, and the audit fees of Bovis, Boston Financial and Lend Lease Mortgage Investment.

5. TAXATION

(a) INCOME TAX EXPENSE

	Consolidated		Company	
	June 2000 $000's	June 1999 $000's	June 2000 $000's	June 1999 $000's
Operating profit before tax	756.2	516.1	214.9	228.5
Adjustment for operating profit before tax of Statutory Funds	(362.8)			
Operating profit before tax excluding Statutory Funds	393.4	516.1	214.9	228.5
Prima facie income tax expense at 36% of operating profit excluding Statutory Funds	**141.6**	**185.8**	**77.4**	**82.3**
Tax effect of permanent differences:				
Rebateable dividends	(4.5)	(8.0)	(102.3)	(64.6)
Share of profit of Statutory Funds (tax paid in life insurance entities)		(63.4)		
Non taxable income	(9.1)	(20.3)		(0.1)
Variation in overseas tax rates	(4.5)	(11.7)		
Amortisation expense	6.3	(4.6)		
Equity accounted profits	(2.9)			
Non allowable expenses	13.0	11.3	30.5	
Capital gains indexation	(2.5)			
Restatement of deferred tax balances due to change in Australian corporate income tax rate	1.1		10.2	
Other	7.6	5.5		0.2
	4.5	**(91.2)**	**(61.6)**	**(64.5)**
Income tax expense for Statutory Funds	166.4			
Income tax expense for current year	**312.5**	**94.6**	**15.8**	**17.8**
Income tax under provided in previous years	3.5	1.1		1.5
Total income tax expense	**316.0**	**95.7**	**15.8**	**19.3**
Effective tax expense rate	**41.8%**	**18.5%**		
INCOME TAX RELATING TO STATUTORY FUNDS				
Income tax expense attributable to operating profit for Statutory Funds is made up of:				
Total current income tax expense	164.9			
Over provision in previous years	(21.9)			
Future income tax benefit	0.5			
Deferred income tax liability on unrealised gains	22.9			
Income tax expense for Statutory Funds	**166.4**			

Notes to Consolidated Financial Statements continued

5. TAXATION continued

(a) INCOME TAX EXPENSE continued

Statutory Fund Tax Rates

MLC Limited and MLC Lifetime

The income tax expense of the Statutory Funds is partly determined on a product basis and partly determined on a profit basis. The income tax expense of the Statutory Funds has been determined after aggregating various classes of business, each with different tax rates. The rates of taxation applicable to the taxable income of the classes of business are as follows:

Class of Business	30 June 2000	30 June 1999
Ordinary Statutory Funds	39%	39%
Complying superannuation	15%	15%
Current pension business	Exempt	Exempt
Immediate annuity business	Exempt	Exempt
Accident and disability business	39%	39%
Shareholder funds	36%	36%

Simas and CEF

The rates of taxation applicable to the controlled life insurance entities of MLC are as follows:

1. **PT Simas Lend Lease Life**
   The tax rates for Simas range from 10% to 30% based on the size of the Company's operating profit. Currently, the Company is in a tax loss situation.
2. **CEF Lend Lease Insurance Holdings (Bermuda) Limited**
   The tax rate applicable to CEF is 15% of the Company's operating profit. Currently, the Company is in a tax loss situation.

Taxation Basis of Statutory Funds

The principal elements for the calculation of the taxable income for each class of business are as follows:

Assessable Income

1. Ordinary life insurance business – investment income;
2. Complying superannuation business – taxable contributions transferred from the superannuation funds, specified rollover amounts and investment income;
3. Accident and disability business – premiums earned and investment income; and
4. Shareholder funds – investment income.

The gains and losses on sale of investments, to the extent referable to the complying superannuation business, are determined under the capital gains tax provisions of the Income Tax Assessment Acts 1936 and 1997 (ITAA). The exceptions are gains on fixed interest securities and foreign exchange gains and losses, referable to the superannuation business, which are taxed primarily under the ordinary income provisions.

Allowable Deductions

The allowable deductions for each taxable class of business include:

1. Acquisition costs (such as commissions) in relation to investment related life insurance business, superannuation business and accident and disability business;
2. Other expenses referable to the gaining of assessable income of the particular class of business (such as investment expenses); and
3. An allocation of the general management expenses of the company.

These deductions are then allocated to each class of business in accordance with the basis specified in the ITAA (which may or may not reflect the allocation of the expenses for accounting purposes).

Allowable deductions in respect of accident and disability business also include claims and the movement during the year in the policy liabilities in respect of that business (which may differ from the policy liabilities recognised for accounting purposes).

Notes to Consolidated Financial Statements continued

	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
5. TAXATION continued				
(b) PROVISION FOR CURRENT INCOME TAX				
Movements during the year were as follows:				
Balance at beginning of financial year				
Lend Lease Operating Businesses	73.9	95.6	8.7	0.9
Statutory Funds	110.6			
Income tax paid	(243.1)	(90.9)	(13.2)	(4.5)
Addition through acquisition of controlled entities	16.0			
Reduction through sale of controlled entities	(98.0)			
Prior year adjustments	3.6			
Current year income tax expense on operating profit after adjusting for timing differences	225.6	69.2	18.7	12.3
Current year income tax expense on extraordinary items (refer Note 6)	532.4		540.0	
	621.0	**73.9**	**554.2**	**8.7**
(c) PROVISION FOR DEFERRED INCOME TAX				
Provision for deferred income tax comprises the estimated liability at the applicable income tax rates on the following items:				
Difference in depreciation and amortisation for accounting and income tax purposes	0.3	6.5		
Expenditure currently deductible for tax but deferred for accounting purposes	5.8	17.0	0.3	0.3
Development expenditure deductible prior to project recognition of profits	40.2	56.4		
Unrealised foreign exchange movements	57.1	16.2		
Other	50.9	32.5		
	154.3	**128.6**	**0.3**	**0.3**
(d) FUTURE INCOME TAX BENEFIT				
Future income tax benefit comprises the estimated future benefit at the applicable income tax rates on the following items:				
Provisions and accruals not currently deductible	213.7	119.4	35.3	36.0
Unrealised accounting (loss)/profit on construction projects	1.8	9.7		
Tax losses carried forward	40.7	35.0		
Deferred interest costs	38.0	20.0		
Unrealised foreign exchange movements	18.0	38.5	20.9	16.4
Other	18.9	7.4		0.7
	331.1	**230.0**	**56.2**	**53.1**

	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
6. EXTRAORDINARY ITEMS				
Proceeds from sale of Financial Services Division	4,596.7		4,596.7	
Less Cost of sale:				
Investment in Financial Services Division	(898.2)		(2,054.6)	
Restructure provision	(19.9)			
Other selling costs	(33.9)		(16.0)	
Profit from sale of Financial Services Division before income tax expense	**3,644.7**		**2,526.1**	
Income tax expense	(532.4)		(540.0)	
Profit from sale of Financial Services Division after income tax expense	**3,112.3**		**1,986.1**	

Notes to Consolidated Financial Statements continued

6. EXTRAORDINARY ITEMS continued

The extraordinary profit resulted from the sale of 100% of the Financial Services businesses to the National Australia Bank Limited (NAB) on 30 June 2000.

The restructure provision relates to the costs that will be necessarily incurred as a result of separating the Financial Services businesses from the Lend Lease Group.

The other selling costs related to consultants used in the sale process and the costs incurred in terminating interest rate and foreign exchange hedges that related to the Financial Services businesses .

On 10 April 2000, Lend Lease announced the sale of its Financial Services businesses for $4,561.0 million. The table below shows the reconciliation of the announced sale price to the actual cash received of $4,596.7 million.

	$m
Sale price per 10 April 2000 announcement	4,561.0
Adjustments:	
Additional working capital provided to Financial Services businesses by Lend Lease	47.2
IT separation costs incurred by the Financial Services businesses	(3.0)
Payment for set-up of Foundation in Financial Services businesses	(8.5)
Proceeds received	**4,596.7**

7. DIVIDENDS AND EARNINGS PER SHARE

	Company	
	June 2000 $m	June 1999 $m
DIVIDENDS		
Interim Dividend		
32¢ per share paid March 2000 (March 1999 - 29¢ per share)	162.7	146.2
Final Dividend		
32¢ per share declared (June 1999 - 31¢ per share)	163.9	156.3
Dividends paid or declared	**326.6**	**302.5**

DIVIDENDS AND DIVIDEND FRANKING

The final dividend of 32 cents per share will be paid on 14 September 2000 (prior year 16 September 1999). The dividend payout ratio of 75.6% (June 1999 72.0%) 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 item).

Dividends paid during the year were fully franked to 100% with Class C (36%) franking credits. The dividend to be paid on 14 September 2000 will be franked to 100% with Class C (34%) franking credits. The dividend franking account balance at 30 June 2000 of $968.0 million (restated to reflect the 34% tax rate) (June 1999 $54.2 million based on 36% 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 to be used in payment of the proposed final dividend. The balance of the franking account has been calculated on a basis consistent with the Company's accounting policies. The majority of these franking credits are expected to be distributed through an off market share buy back (subject to shareholder approval).

An increasing percentage of the Company's earnings is expected to be earned from offshore. Such earnings do not generate franking credits, and for this and other reasons there are significant uncertainties as to the actual level of franked dividend that the Company will be able to pay in the future. Further, there have been recent changes to capital gains tax legislation which lead to an effective halving in the rate of capital gains tax for individuals (and corresponding changes for complying superannuation funds) on the sale of shares held for more than 12 months. These changes favour shareholder returns in the form of capital gains compared to unfranked dividends, which are taxed at shareholders' full marginal rate of tax.

Consequently the Board has decided to move to a policy where the company pays only fully franked dividends. However, this policy will only be implemented from the 2001/2002 year. For the 2000/2001 year the dividend payout ratio will be maintained around 50%, even if that means that dividends are only partly franked or unfranked.

Notes to Consolidated Financial Statements continued

	Company	
	June 2000 $m	June 1999 $m
7. DIVIDENDS AND EARNINGS PER SHARE continued		
EARNINGS PER SHARE		
Ordinary profit after income tax attributable to members of Lend Lease Corporation Limited	**432.2**	**420.4**
	Number m	Number m
Weighted average shares and share equivalents	**510.0**	**505.5**
	Cents	Cents
Earnings per share (cents) (1)		
Basic (excluding extraordinary item)	**84.7**	**82.6**
Basic (including extraordinary item)	**695.0**	**82.6**

(1) An adjustment factor of 0.99238 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, share purchase plan and ESAP share allocation.

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

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
8. CASH AND CASH EQUIVALENTS				
Cash	196.3	256.2		
Short term deposits	277.0	349.0		
Bank accepted and endorsed bills of exchange	3,010.5	15.5		
	3,483.8	**620.7**		

Short term deposits and bills of exchange are at variable rates of interest which averaged 5.4% per annum during the financial year ended 30 June 2000 and are invested with parties approved by the Board of Lend Lease Corporation. These parties have acceptable credit ratings determined by recognised rating agencies. Bills of exchange are generally subject to credit risk in the event of default by the acceptor. However, the risk has been mitigated by ensuring the bills have been accepted by approved counterparty banks.

The sale of the Financial Services businesses on 30 June 2000, resulted in a significant increase in bank accepted and endorsed bills of exchange.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
9. RECEIVABLES				
CURRENT				
Trade debtors	1,548.5	294.1	0.6	0.7
Provision for doubtful debts	(31.2)	(7.1)		
	1,517.3	**287.0**	**0.6**	**0.7**
Related party receivables				
Life insurance entities		69.9		19.2
Managed property trusts				
Darling Park Trust	4.1	22.3		
Other	31.1	23.7		
MLC unlisted trusts		7.6		
Controlled entities			746.8	279.8
Associated companies				
Lend Lease Retail Partnership	1.5	105.3		
Asia Pacific Investment Company (APIC)		22.1		
Pyrmont Trust	34.7	32.4		
Mirvac Limited	26.8	14.3		
Mirvac Lend Lease Village Consortium	13.4	17.9		
Chelverton Properties Limited	0.2	21.5		
IBM Global Services Australia	37.4	5.0	37.4	
Other	37.6	78.5	27.7	28.0
	186.8	**420.5**	**811.9**	**327.0**
Other receivables				
Contract debtors	45.1	40.8		
Westpac Banking Corporation dividend receivable		23.0		
Proceeds on sale of Vestar Long Beach	44.6			
Receivable from developer on Housing and Community Investing (HCI) Projects	20.5			
Proceeds on sale of Darling Park Stages I & II	64.8			
Other	94.0	48.1	0.6	0.6
	1,973.1	**819.4**	**813.1**	**328.3**
NON CURRENT				
Loans made to Directors of Lend Lease Corporation or controlled entities in accordance with a scheme approved by shareholders in General Meeting	0.9	1.3		
Other loans	1.6	0.5	1.3	1.9
Related party receivables				
Controlled entities			4,768.8	1,694.6
Associates				
Lend Lease Retail Partnership	78.1	33.8		
Pyrmont Trust	44.0	51.3		
Fox Studios	4.0	3.1		
Lend Lease Overgate Partnership	80.3			
Other	14.4	4.5		
Other receivables	25.5	15.1		
	248.8	**109.6**	**4,770.1**	**1,696.5**
	2,221.9	**929.0**	**5,583.2**	**2,024.8**

CURRENT

Unless otherwise stated, receivables do not carry interest and are not discounted to present values. They are carried at estimated amounts receivable in terms of contractual or other commercial arrangements and are recognised in accordance with the accounting policies as set out in Note 1. Receivables are subject to a review of collectability by the Board of the relevant group company. Provisions are made for any doubtful debts.

Notes to Consolidated Financial Statements continued

9. RECEIVABLES continued

CURRENT continued

Trade Debtors

The increase in trade debtors during the year to $1,548.5 million at 30 June 2000 is largely due to the acquisition of the Bovis Group ($1,242.2 million) and Boston Financial ($63.7 million).

At balance date, trade debtors by industry segment comprised Project Management and Construction 88%, Real Estate Investments 10% and Others 2%. Trade debtors outside Australia amounted to 91% of the balance.

The maximum exposure to an individual trade debtor is $38.7 million (2.5% of total trade debtors) and to the five major trade debtors is $155.3 million (10% of total trade debtors).

The increase in the provision for doubtful debts to $31.2 million during the year was mainly due to the acquisition of Bovis ($18.7 million).

Related Party Receivables

The decrease in the life insurance entities and MLC unlisted trusts receivables, reflects the sale of the Financial Services businesses on 30 June 2000.

The decrease in the Darling Park Trust ("DPT") receivable is due to the receipt of proceeds in relation to the sale of a 50% interest in the leasehold of Stage 2 to DPT. The balance at 30 June 2000 of $4.1 million mainly comprises amounts due for project management work.

The increase in managed property trusts receivables Other mainly relates to management and asset development fees ($10.2 million) in relation to GPT and APPF.

The decrease in the Lend Lease Retail Partnership receivable is mainly due to the recovery of the VAT component on the sale of a 25% interest in Bluewater ($96.8 million) and the Solihull land ($7.6 million). The June 2000 receivable represents the partnership's share of Solihull set up costs, to be repaid on practical completion.

The APIC receivable of $22.1 million at June 1999 represented the balance of proceeds from the sale of a 50% interest in Northtech, Singapore during the year ended 30 June 1998, which were paid in April 2000.

The receivable from Pyrmont Trust of $34.7 million (June 1999 $32.4 million) comprises loan and associated interest in relation to the land acquisition and development fees owing to Lend Lease for developing and selling the Jacksons Landing site at Pyrmont. The loan and associated interest in relation to the land acquisition totalling $20.0 million were repaid in July 2000.

The receivable from Mirvac Limited of $26.8 million relates to a loan in respect of Mirvac's 25% contribution to the 155 Macquarie Street residential development, due to be repaid on completion of settlements commencing in July 2000.

The Mirvac Lend Lease Village Consortium receivable of $13.4 million at 30 June 2000 relates to construction services on the Olympic Village development.

The decrease in the receivable from Chelverton Properties Limited is mainly due to the repayment of a short-term loan to fund retail/leisure developments in Southern Europe.

The receivable from IBM Global Services Australia of $37.4 million mainly comprises a loan of $34.5 million due February 2001.

The related party receivables Other of $37.6 million mainly comprises guarantee fees ($20.0 million) and fees receivable from the Da Chang Joint Venture in China ($6.7 million).

Other Receivables

The contract debtors mainly comprises amounts due on exchanged sale contracts on 155 Macquarie Street residential apartments ($33.3 million) and settlements due on sales on Olympic Village/Newington Project ($5.2 million).

The decrease in the Westpac Banking Corporation dividend receivable is due to the completion of the forward sale agreement (refer Note 12).

The receivable from the developers on the Housing and Community Investing (HCI) projects relates to a short term loan to the developers of tax credit properties in the US to be repaid by February 2001.

The other receivables Other of $94.0 million mainly comprises UK VAT receivable ($12.6 million), proceeds from partial sale of Prospect Water Partnership ($11.5 million), short term loan to East Asia Property Group ($9.3 million) and recoverable sundry costs and taxes ($25.2 million).

Notes to Consolidated Financial Statements continued

9. RECEIVABLES continued

NON CURRENT

The loans made to Directors of Lend Lease Corporation or controlled entities are in accordance with a scheme approved by shareholders in General Meeting. Other loans are loans provided to employees.

The receivable from the Lend Lease Retail Partnership mainly relates to $73.6 million (1999 $29.5 million) of work performed on the Solihull Shopping Centre (UK) development that is not financed by the GBP250.0 million construction loan (refer Notes 18 and 30(j)).

The receivable from Pyrmont Trust of $44.0 million comprises $17.4 million (June 1999 $24.6 million) deferred land payment from the joint venture developing Jacksons Landing and $26.6 million (June 1999 $26.6 million) loan to the joint venture to fund development expenditure.

The receivable from Fox Studios of $4.0 million relates to interest free loans to the partnership.

The receivable from the Lend Lease Overgate Partnership represents the 80% balance of the amount due from investors under the Development Services Agreement, which is expected to be paid in September 2001, after certain conditions are satisfied (refer Note 30(i)).

The related party receivable Other mainly comprises Maribyrnong Development Loan ($1.9 million), a loan to Paseo Commercial Carlos III ($5.9 million) in relation to the Tres Aguas joint venture development in Madrid, Spain and a loan to the Lend Lease Porto Retail (Arrabida) joint venture ($3.7 million).

The Other receivables of $25.5 million includes $13.4 million for proceeds on the sale of Darling Park Stage I and II (refer Note 30 (a)).

Non current receivables are due in accordance with the following schedule:

	Consolidated	
	June 2000 $m	June 1999 $m
Between 1 and 2 years	192.2	37.9
Between 2 and 5 years	26.9	33.9
After 5 years	29.7	37.8
	248.8	**109.6**

10. INVENTORIES

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
CURRENT				
Property held for resale at cost	317.6	767.9		
Provision for diminution in value	(7.9)	(12.2)		
	309.7	**755.7**		
Construction work in progress	262.4			
	572.1	**755.7**		
NON CURRENT				
Property held for resale at cost	1,097.4	1,219.9		
Provision for diminution in value	(20.6)	(7.1)		
	1,076.8	**1,212.8**		
Total inventories	**1,648.9**	**1,968.5**		
PROPERTY HELD FOR RESALE				
Total cost of property held for resale includes:				
Cost of acquisition	202.4	329.4		
Development expenses	294.8	297.2		
Construction expenses	877.4	1,277.5		
Rates and taxes capitalised	8.3	8.7		
Interest capitalised	32.1	75.0		
Total cost	**1,415.0**	**1,987.8**		
Less: Provision for diminution in value	(28.5)	(19.3)		
Book value	**1,386.5**	**1,968.5**		

Notes to Consolidated Financial Statements continued

	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
10. INVENTORIES continued				
PROPERTY HELD FOR RESALE continued				
Book value comprises:				
Income producing	960.9	1,249.3		
Non income producing	425.6	719.2		
	1,386.5	**1,968.5**		

	Note	Cost June 2000 $m	Provision June 2000 $m	Book Value June 2000 $m	Book Value June 1999 $m
Total property held for resale is comprised of:					
Bluewater	30(h)	783.6		783.6	1,129.3
Overgate, Dundee	30(i)	145.1	(10.3)	134.8	178.1
Chapelfield, Norwich	30(pp)	27.3		27.3	13.6
Darling Park, Sydney Stage I	30(a)				107.6
Darling Park, Sydney Stage II	30(a)				105.6
Darling Park, Sydney Stage III	30(a)	26.6	(10.3)	16.3	25.4
88 Phillip Street/155 Macquarie Street, Sydney	30(b)	174.3		174.3	108.9
Admiralty Industrial Park, Singapore	30(bb)	20.2	(7.9)	12.3	15.9
AUSLIG					11.3
Twin Waters		14.1		14.1	12.2
Olympic Village/Newington	30(d)	184.9		184.9	194.5
Jacksons Landing (Pyrmont)	30(e)	16.4		16.4	17.3
Other		22.5		22.5	48.8
Total		**1,415.0**	**(28.5)**	**1,386.5**	**1,968.5**

	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
CONSTRUCTION AND DEVELOPMENT IN PROGRESS				
CURRENT				
Contract costs incurred to date	20,904.2	1,570.5		
Profit recognised to date	880.3	100.0		
Sales revenue	**21,784.5**	**1,670.5**		
Less: Progress billings received and receivable on completed contracts	(21,882.6)	(1,765.6)		
Net construction work in progress	**(98.1)**	**(95.1)**		
Net construction work in progress comprises:				
Amounts due from customers - inventories	262.4			
Amounts due to customers - trade creditors (Note 17)	(360.5)	(95.1)		
	(98.1)	**(95.1)**		
Advances on construction projects in progress included in trade creditors	20.5			
Retentions on construction projects included in progress billings	277.1	29.6		

The increase in amounts due from customers – inventories to $262.4 million at 30 June 2000 relates to Bovis Group and represents costs incurred on projects in excess of that billed to clients.

The increase in amounts due to customers – trade creditors to $360.5 million at 30 June 2000 relates to the Bovis Group and represents billings raised to clients in excess of costs and proportional profits on projects.

Notes to Consolidated Financial Statements continued

11. EQUITY ACCOUNTED INVESTMENTS

	Notes	Country Of Origin	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
NON CURRENT						
Associates						
Lend Lease Porto Retail (Arrabida Shopping Centre)	30(mm)	Portugal	2.0	37.5		
Kiwi Property Group	30(p)	NZ	15.6	16.3		
Morrison & Co Group Limited	30(q)	NZ	7.9	8.0		
Chelverton Properties Limited	30(oo)	UK	20.7	12.1		
THI Plc		UK				
Tuas View Development	30(ee)	Singapore				
Lend Lease Rosen Real Estate Securities	30(x)	USA	7.7	7.7		
Vestar Glendale	30(t)	USA	21.8	18.5		
Vestar Long Beach	30(s)	USA		20.7		
Tres Aguas (Paseo Commercial Carlos III)	30(qq)	Spain	17.7			
Lend Lease Hyperion Capital Advisors, LLC		USA	3.2	1.1		
Other			6.8	4.6		
Less: Provision for diminution			(3.4)	(4.3)		
	31		**100.0**	**122.2**		
Joint Ventures						
Infrastructure Partnership	30(l)	Australia	20.0	8.3		
Whitecliff Properties Joint Venture	30(jj)	UK	23.3	25.8		
Fox Studios	30(c)	Australia	120.3	133.4		
Less: Provision for diminution			(96.8)			
			66.8	**167.5**		
Total equity accounted investments			**166.8**	**289.7**		

12. OTHER INVESTMENTS

	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
CURRENT				
Shares in other corporations				
Quoted at cost		27.4		
Mortgage loans	171.6			
Tax credit properties	49.0			
	220.6	**27.4**		
NON CURRENT				
Shares in other corporations				
Quoted at cost	141.8	197.2		
Unquoted at cost	95.7	75.3	44.9	49.0
Interests in trusts and partnerships				
Quoted at cost		5.5		
Unquoted at cost	533.9	420.6	9.3	8.3
Shares in controlled entities			1,010.1	2,830.4
Unlisted investments in Life Insurance business		1,922.4		
	771.4	**2,621.0**	**1,064.3**	**2,887.7**
	992.0	**2,648.4**	**1,064.3**	**2,887.7**

Notes to Consolidated Financial Statements continued

	Notes	Country Of Origin	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
12. OTHER INVESTMENTS continued						
Total investments comprise:						
OTHER CORPORATIONS						
Quoted At Cost						
Mirvac Group				27.4		
Sitel Corporation, Inc	30(y)	USA		16.8		
coolsavings.com, Inc	30(u)	USA	47.0	30.7		
Westpac Banking Corporation		Australia	93.1	148.9		
Other			1.7	0.8		
			141.8	**224.6**		
Unquoted At Cost						
IBM Global Services Australia	30(k)	Australia	42.8	40.5	42.8	40.5
Infrastructure Investment Corporation	30(n)	Australia	2.1	2.1	2.1	2.1
Advantra Pty Limited	30(o)	Australia		6.4		6.4
Chastain Capital Corporation	30(r)	USA	13.3	26.9		
Less: Provision for diminution [1]			(13.0)	(12.1)		
Thai Market Project [1]	30(gg)	Thailand	12.3	12.9		
Less: Provision for diminution [1]			(11.3)	(11.9)		
Lend Lease Global Property Fund	30(ll)	Luxem	16.2	10.5		
Li Fung Distribution Centre		China	6.4	7.9		
Less: Provision for diminution			(6.4)	(7.9)		
Bovis Thames Shanghai Limited (Da Chang) [2]	30(hh)	China	20.6			
Less: Accumulated amortisation			(2.6)			
Bradford Regeneration Limited		UK	6.5			
Other			8.8			
			95.7	**75.3**	**44.9**	**49.0**
INTERESTS IN TRUSTS AND PARTNERSHIPS						
Quoted At Cost						
General Property Trust (quoted market value $5 million) [2] [3]		Australia		6.0		
Less: Provision for diminution				(0.8)		
Other				0.3		
				5.5		
Unquoted At Cost						
Lend Lease Asia Water Trust	30(dd)	Australia	9.3	8.3	9.3	8.3
Asia Pacific Investment Company	30(cc)	Singapore	83.4	53.9		
Less: Provision for diminution			(1.2)	(7.8)		
Cempaka [1]	30(ff)	Indo [4]	19.8	18.8		
Less: Provision for diminution			(18.8)	(17.8)		
King of Prussia Associates	30(f)	USA	204.1	182.8		
Value Enhancement Fund III	30(v)	USA	26.7	14.8		
Value Enhancement Fund IV		USA	5.7			
Debt management investment portfolios		USA	15.8			
Multi-family investment funds		USA	22.5			
Yarmouth Capital Partners II	30(g)	USA	67.3	63.4		
Lend Lease Retail Partnership [1]	30(nn)	UK	39.1	37.7		

(1) Variation from prior year represents exchange rate movement.
(2) Related entity.
(3) Investment was sold during the year.
(4) Indonesia.

Notes to Consolidated Financial Statements continued

	Notes	Country Of Origin	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
12. OTHER INVESTMENTS continued						
INTERESTS IN TRUSTS AND PARTNERSHIPS continued						
Unquoted At Cost continued						
Clacton Common Factory Outlet Centre		UK	5.4	5.4		
Less: Provision for diminution			(5.4)	(5.4)		
Fareham Shopping Centre Partnership (1)	30(ii)	UK		18.7		
Australian Prime Property Fund (2)	30(m)	Australia	48.0	47.8		
Others			13.6	11.5		
Less: Provision for diminution			(1.4)	(11.5)		
			533.9	**420.6**	**9.3**	**8.3**
Mortgage loans	30(z)	USA	171.6			
Tax credit properties	30(aa)	USA	49.0			
			220.6			
UNLISTED INVESTMENTS IN LIFE INSURANCE						
Embedded value (3)				1,852.0		
Excess of market value over net assets of subsidiaries (4)				70.4		
				1,922.4		
SHARES IN CONTROLLED ENTITIES					**1,010.1**	**2,830.4**
Total other investments			**992.0**	**2,648.4**	**1,064.3**	**2,887.7**

(1) Investment was sold during the year.
(2) Related entity.
(3) The Statutory Funds were disposed of during the year as part of the sale of the Financial Services businesses to National Australia Bank.
(4) Represented MLC's share of the excess of net market value over the underlying net assets of its controlled entities (FlexiPlan $60.7 million, Medfin $5.0 million and Simas Lend Lease Life $4.7 million). MLC was sold during the year.

WESTPAC BANKING CORPORATION (WESTPAC)

Lend Lease's interest in Westpac at 30 June 2000 was 25 million ordinary shares subject to a share lending arrangement at cost of $93.1 million.

During the financial year ended 30 June 1999, Lend Lease effected share lending and hedging arrangements ("the Arrangements") with Merrill Lynch relating to 40 million shares. The Arrangements effectively locked in the price of $10.05 per share at which Lend Lease may realise the value of the investment, while retaining flexibility regarding the timing of the ultimate disposal. The Arrangements, which run for slightly less than a year, may be extended, or unwound in part or in full. The Arrangements involved Lend Lease Custodian Pty Limited lending the shares to Merrill Lynch. In return Merrill Lynch provided $402.2 million in cash to Lend Lease as security over the shares. This amount has been recorded as a liability in the Statements of Financial Position until such time as either Lend Lease ends the Arrangements (in which case liability is extinguished) or Lend Lease ceases lending the shares to Merrill Lynch. If the Arrangements are ended, Lend Lease would pay or receive an amount equivalent to the difference between the $10.05 per share hedged price and the market price at that time. Lend Lease will report a profit on these Arrangements only in the event that a portion or all of the Arrangement is ended.

On 29 June 2000, 15 million shares were unwound from the Arrangement. This brought to account $148.1 million as proceeds on sale of investment realising an after tax profit of $62.6 million. The Arrangements continue over the remaining 25 million Westpac shares effectively locking in an unrealised profit of $102.4 million after tax.

As the shares are effectively lent to Merrill Lynch, Lend Lease will not be entitled to the dividends on the remaining 25 million shares whilst the Arrangements are in place. The Lend Lease interest in the 25 million shares represents 1.4% of fully paid ordinary shares in Westpac.

During the financial year ended 30 June 1996, Lend Lease entered into a forward sale agreement with Salomon Smith Barney Australia Securities Pty Limited (SSB) under which Lend Lease agreed to deliver 100 million Westpac ordinary shares to SSB on 31 July 2000, or earlier in certain conditions. During this time, Lend Lease retained the dividends paid on the shares. The forward sale was completed and shares were delivered to SSB on 17 February 2000. During the year, $25.3 million was recognised as proceeds on sale of investments comprising of $24.0 million of dividends and a residual payment of $1.3 million.

Notes to Consolidated Financial Statements continued

12. OTHER INVESTMENTS continued

UNLISTED INVESTMENTS IN LIFE INSURANCE

The embedded value reflects the cost of the investment in MLC and MLC Lifetime plus revaluation increments.

	June 2000 $m	June 1999 $m
Embedded Value of Statutory Funds		
Summary of Valuations		
MLC Limited		1,438.6
MLC Lifetime		413.4
		1,852.0

Prior to 1 July 1999, Lend Lease recorded on its consolidated balance sheet an embedded value asset. This represented Lend Lease's interest in the net worth of the Statutory Funds of MLC and MLC Lifetime and their entitlement to participate in future distributable profits, including imputation credits, generated by in force life insurance contracts.

With the application of AASB1038 at the beginning of this current financial year, however, the recording of embedded value on the consolidated Statements of Financial Position was no longer applicable as the Statutory Funds of MLC and MLC Lifetime were required to be consolidated into the financial statements of Lend Lease.

As at 1 July 1999, upon application of AASB1038 the revaluation increments were reversed (in conjunction with the corresponding asset revaluation reserve of $1,053.7 million (Note 23)). An adjustment against the cost for $456.0 million was made to retained profits in accordance with AASB1038 (refer Note 24). This has been included in the cost of the sale of the Financial Services businesses.

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
Land at directors' valuation [(1)]	**1.2**	**1.2**		
Buildings and leasehold improvements at cost [(2)]	46.3	37.0		
Accumulated depreciation and amortisation	(7.2)	(3.9)		
	39.1	**33.1**		
Plant and equipment at cost [(3)]	205.7	83.8	20.0	18.8
Accumulated depreciation	(123.5)	(49.7)	(11.2)	(9.7)
	82.2	**34.1**	**8.8**	**9.1**
Leased plant and equipment at cost	13.4	11.9		
Accumulated depreciation	(5.8)	(1.7)		
	7.6	**10.2**		
	130.1	**78.6**	**8.8**	**9.1**

(1) The Directors' valuation was carried out as at 30 June 2000 and was on the basis of market value of the properties concerned with their existing use.
(2) The increase in buildings and leasehold improvements is mainly due to the acquisition of the Bovis Group on 29 October 1999.
(3) The increase in plant and equipment is mainly due to the acquisitions of the Bovis Group and Boston Financial Group.

Notes to Consolidated Financial Statements continued

	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
14. GOODWILL				
Goodwill at cost	1,069.6	93.7		
Accumulated amortisation	(43.5)	(7.3)		
	1,026.1	**86.4**		

Goodwill comprises:	June 2000 Cost $m	June 2000 Accumulated Amortisation $m	June 2000 Net $m	June 1999 Cost $m	June 1999 Accumulated Amortisation $m	June 1999 Net $m
ERE/Yarmouth	52.0	(8.3)	43.7	48.0	(5.6)	42.4
Rosen Consulting Group	25.3	(1.7)	23.6	19.9	(0.4)	19.5
Crystal Group	15.9	(1.2)	14.7	15.4	(0.4)	15.0
Bovis Group (1)	716.7	(24.4)	692.3			
Boston Financial Group (2)	32.1	(1.0)	31.1			
Lend Lease Mortgage Investment (3)	211.7	(2.4)	209.3			
Other	15.9	(4.5)	11.4	10.4	(0.9)	9.5
	1,069.6	**(43.5)**	**1,026.1**	**93.7**	**(7.3)**	**86.4**

(1) The Bovis Group was acquired in October 1999.
(2) The Boston Financial Group was acquired in November 1999.
(3) Lend Lease Mortgage Investment was acquired in March 2000.

	Consolidated At Cost June 2000 $m	Consolidated At Cost June 1999 $m	Unrecorded Valuation June 2000 $m	Unrecorded Valuation June 1999 $m
15. MANAGEMENT AGREEMENTS				
REAL ESTATE INVESTMENTS				
Lend Lease Real Estate Investments – US (LL REI US)	838.7	359.1	1,176.7	564.6
Accumulated amortisation	(19.3)	(7.5)		
General Property Trust	42.7	42.7	213.0	187.0
Accumulated amortisation	(1.8)	(0.9)		
Australian Prime Property Fund			48.0	48.0
	860.3	**393.4**	**1,437.7**	**799.6**
FUNDS MANAGEMENT AND LIFE INSURANCE				
MLC Unlisted Trusts		10.8		125.0
Accumulated amortisation		(0.2)		
		10.6		**125.0**
	860.3	**404.0**	**1,437.7**	**924.6**

Notes to Consolidated Financial Statements continued

15. MANAGEMENT AGREEMENTS continued

	Valuation $m	Cost $m
Movement in management agreements for LL REI US comprises:		
Balance 30 June 1999	564.6	359.1
Valuation increase	114.0	
Effect of exchange rate movement from June 1999 to June 2000	47.1	28.6
Pre-existing business at 30 June 2000	**725.7**	**387.7**
Property management agreements acquired as part of the purchase of Boston Financial Group, LLP	207.6	207.6
Property management agreements acquired as part of the purchase of the former AMRESCO businesses	243.4	243.4
Balance 30 June 2000	**1,176.7**	**838.7**

Valuations are performed by appropriately qualified independent valuers. The valuers adopt a valuation methodology they consider appropriate for valuing the particular management agreement. Encompassed in this methodology is the discount rate. Generally all valuers use the Capital Asset Pricing Model, with rates varying due to the valuers' views as to levels of risk associated with the cash flow of particular management agreements, and the relative market/sector risk. Management agreements are amortised over their useful life assessed to be on average 50 years.

LEND LEASE REAL ESTATE INVESTMENTS – US (LL REI US)

Property asset management agreements between LLREI US and its clients were valued by PricewaterhouseCoopers, LLP, Atlanta as at 30 June 2000 at $725.7 million (USD435.4 million), (1999 $564.6 million (USD367.0 million)). The valuation was dated 30 June 2000 and the basis of the valuation was the net present value of estimated future earnings from these agreements at a discount rate of 11.0% (1999 10.8%). The main factors, resulting in the valuation increase of the management agreements were changes in the valuation methodology and increases in revenues from contracts.

On 3 November 1999 the company purchased Boston Financial Group, LLP. The management agreements acquired were valued by PricewaterhouseCoopers, LLP, Atlanta at 30 June 2000 at $207.6 million (USD124.6 million). The valuation was dated 30 June 2000. The existing and acquired agreements were valued based on the net present value of estimated future earnings from these agreements at a discount rate of 11.0%.

On 17 March 2000, the company purchased businesses from AMRESCO, Inc. The management agreements acquired were valued by PricewaterhouseCoopers, LLP, Atlanta at 30 June 2000 at $243.4 million (USD146.0 million). The valuation was dated 30 June 2000. The acquired agreements were valued based on the net present value of estimated future earnings from these agreements at a discount rate of 12.5%.

The amortisation expense for the period comprised $7.5 million for the existing LLREI US management agreements, $2.6 million for those acquired through the purchase of the Boston Financial Group and $1.2 million for those acquired through the purchase of the former AMRESCO businesses.

GENERAL PROPERTY TRUST (GPT)

A management agreement between Lend Lease and GPT pursuant to the Trust Deed was valued by Mark Reading BCom; MBA; ACA; ASIA of PricewaterhouseCoopers Securities Limited at 30 June 2000 at $213.0 million (1999 $187.0 million). The valuation was dated 30 June 2000 and the basis of the valuation was the net present value of estimated future earnings from the management agreement at a discount rate of 9.65% (1999 9.75%). The key factor relating to the increase in valuation between 1999 and 2000 was increased funds under management of $530.0 million.

AUSTRALIAN PRIME PROPERTY FUND (APPF)

The management agreement between Lend Lease and the unlisted APPF pursuant to the Trust Deed is disclosed in the financial statements at directors' valuation of $48.0 million (1999 $48.0 million). The Directors' valuation is supported by an independent valuation by Mark Reading BCom; MBA; ACA; ASIA of PricewaterhouseCoopers Securities Limited at 30 June 1999.

MLC UNLISTED TRUSTS

The MLC Unlisted Trust management agreements were sold as at 30 June 2000 as part of the sale of the Financial Services businesses.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
16. OTHER ASSETS				
CURRENT				
Prepayments	**16.4**	**10.9**	**0.2**	**0.1**
NON CURRENT				
Prepayments	21.7	13.0		
Intangible assets				
Crystal Group	11.9	11.9		
Accumulated amortisation	(4.3)	(1.2)		
IT systems	26.5			
Other	8.7	1.3		
	64.5	**25.0**		
	80.9	**35.9**	**0.2**	**0.1**

The increase in prepayments mainly relates to the acquisitions of the Bovis Group and Boston Financial Group. The Crystal Group intangible assets comprise of a patent ($3.7 million) and semiconductor contracts ($8.2 million). The IT systems relate to systems acquired and/or developed that will provide ongoing benefits to the Group.

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
17. CREDITORS				
CURRENT				
Trade creditors	1,932.6	852.4	58.4	15.0
Revenue in excess of costs and profits recognised on incomplete contracts (Note 10)	360.5	95.1		
Other creditors	84.7	86.4		
Related party payables				
Life insurance entities		9.2		
Controlled entities			21.8	356.3
Mirvac Lend Lease Village Consortium (MLLVC)	12.4	29.5		
Other	11.3	7.3		
	2,401.5	**1,079.9**	**80.2**	**371.3**
NON CURRENT				
Related party payables				
Controlled entities			1,293.5	1,811.0
			1,293.5	**1,811.0**
	2,401.5	**1,079.9**	**1,373.7**	**2,182.3**

The increase in trade creditors mainly relates to the acquisition of the Bovis Group during the year. Trade creditors are all due and payable within 12 months.

The MLLVC payable comprises construction and development costs on the Olympic/Newington Village project.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
18. BORROWINGS AND FINANCING ARRANGEMENTS				
(a) BORROWINGS				
CURRENT				
Unsecured bank loans	23.1	283.1		
Bank loan secured by interest in Bluewater		359.3		
Secured bank loans	105.6	183.2		
	128.7	**825.6**		
NON CURRENT				
Commercial notes	916.8	384.6		
	916.8	**384.6**		
Total borrowings	**1,045.5**	**1,210.2**		
(b) FINANCE FACILITIES				
Lend Lease operating businesses have access to the following lines of credit:				
Total Facilities Available				
Bank overdrafts	68.3	22.3	10.0	10.0
Standby cash advance facilities	300.0	300.0	300.0	300.0
Bank credit facilities	2,528.6	2,504.6		
Commercial notes	2,416.8	884.6		
	5,313.7	**3,711.5**	**310.0**	**310.0**
Facilities Utilised at Balance Date				
Bank overdrafts				
Standby cash advance facilities				
Bank credit facilities	128.7	825.6		
Commercial notes	916.8	384.6		
	1,045.5	**1,210.2**		
Facilities Not Utilised at Balance Date				
Bank overdrafts	68.3	22.3	10.0	10.0
Standby cash advance facilities	300.0	300.0	300.0	300.0
Bank credit facilities	2,399.9	1,679.0		
Commercial notes	1,500.0	500.0		
	4,268.2	**2,501.3**	**310.0**	**310.0**

Bank Overdrafts and Standby Cash Facilities

Bank overdrafts and standby cash advance facilities are unsecured and subject to review on an annual basis. Interest on these facilities is charged at prevailing market rates.

Notes to Consolidated Financial Statements continued

	Consolidated June 2000 $m	Consolidated June 1999 $m
18. BORROWINGS AND FINANCING ARRANGEMENTS continued		
(b) FINANCE FACILITIES continued		
Bank Credit Facilities		
The amounts drawn from the various facilities at 30 June 2000 were:		
Unsecured Bank Loans		
USD345.0 million syndicated facility at LIBOR plus 0.225%, due August 2000 (8)		
USD60.0 million bank facility at LIBOR plus 0.20%, due December 2000 (9)	23.1	73.4
GBP140.0 million bank facility at LIBOR plus 0.15%, matured September 1999 (10)		209.7
GBP30.0 million bank facility at LIBOR plus 0.25%, due March 2001 (3)		
GBP300.0 million bank facility at LIBOR plus 0.30%, due November 2000 (2)		
Bank Loan Secured by Interest in Bluewater		
GBP354.0 million secured syndicated bank facility at LIBOR plus 0.925% (11)		359.3
Bank Loans Secured		
A$105.0 million secured term facility for Darling Park, due August 2001 (12)		85.0
A$100.0 million secured construction facility for Olympic Village (13)	83.1	98.2
USD9.0 million secured term facility at LIBOR plus LD 2.25%, due October 2001 (7)	15.0	
USD4.5 million secured loan at LIBOR plus 4% (4)	7.5	
USD300.0 million secured mortgage servicing facility at LIBOR plus 0.75%, due February 2001 (5)		
USD75.0 million secured facility at LIBOR plus 2%, due September 2000 (6)		
GBP101.4 million secured facility for development projects (14)		
Total bank credit facilities	**128.7**	**825.6**
Commercial Notes		
A$500 million Lend Lease commercial paper (15)		
USD250.0 million Lend Lease 6.75% guaranteed notes, due 2005	416.8	384.6
A$1,500.0 million Lend Lease guaranteed note (1)	500.0	
Total commercial notes	**916.8**	**384.6**
Total borrowings	**1,045.5**	**1,210.2**

New Financings

(1) During November 1999 Lend Lease established a $1.5 billion Multi-Issuer Debt Program. The program will allow Lend Lease subsidiaries in the United States, United Kingdom and Australia to issue debt into the Australian capital market under the guarantee of Lend Lease Corporation. The purpose of the program is to expand Lend Lease's global funding capacity following recent acquisitions. On 30 November 1999 the first issue under the program was made by Lend Lease (US) Finance Inc, for $500 million which is due for repayment in July 2005 and bears a coupon of 7.5%. This first issue has been swapped into USD. Refer note 29(d) for further details.

(2) During November 1999 Lend Lease established a GBP300 million (A$769 million) syndicated bank facility that is due to expire in November 2000. The facility is a multi-borrower in that a Lend Lease subsidiary in either the United Kingdom or the United States can draw under the facility. The facility is to be used for general working capital purposes. Drawings under the facility will be at LIBOR plus 0.30%.

(3) A new short term money market facility was established in March 2000 for general working capital purposes in the European business. The facility is due to expire in March 2001 and any drawings under the facility incur an interest rate of LIBOR plus 0.25%.

(4) These non recourse borrowings represent loans that secure two partnerships, acquired in the purchase of the former AMRESCO businesses in March 2000. The initial debt amount was US$8.5 million. This loan bears interest at LIBOR plus 4.0% and is due for repayment not later than November 2003.

(5) This facility is utilised by Lend Lease Mortgage Capital, one of the former AMRESCO businesses acquired in March 2000. The facility is used for the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) mortgage originations and are secured by the loans and/or CMBS issues. These obligations are generally settled with FNMA and FHLMC within 30 – 45 days of origination. The facility expires in February 2001 and drawings bear interest at LIBOR plus 0.75%.

(6) This facility is used by Lend Lease Housing and Community Investments and Senior Living Groups, two of the divisions of the former Boston Financial Group, acquired in November 1999. The facility is used to temporarily hold properties acquired for the tax credit funds. This facility expires in September 2000 and bears interest at LIBOR plus 2.0%.

(7) This loan is secured against a property acquired in the purchase of the Boston Financial Group in November 1999. This facility expires in October 2001 and bears interest at LIBOR plus 2.25%.

Notes to Consolidated Financial Statements continued

18. BORROWINGS AND FINANCING ARRANGEMENTS continued

(b) FINANCE FACILITIES continued

Bank Credit Facilities continued

Previously Disclosed Financings

(8) This facility with a syndicate of banks was established for general working capital purposes. The facility was increased in September 1999 from USD300.0 million to USD345.0 million.

(9) This bank overdraft facility was increased from USD50.0 million to USD60.0 million during December 1999 and is used to finance working capital requirements for the US operations.

(10) This facility was with a syndicate of banks in the United Kingdom to fund a portion of Lend Lease's interest in Bluewater (refer Note 30(h)). The loan was fully repaid in July 1999.

(11) This facility with three UK banks was established as part of the changes to the Bluewater financing structure. The facility was due for repayment in March 2005. Due to the receipt of Bluewater sale proceeds in both June and July 1999 (refer Note 30(h)) the debt was fully repaid in July 1999.

(12) Lend Lease was one of three borrowers party to a $190.0 million term credit facility to fund Darling Park Stage II. Lend Lease's respective share of the facility was $105.0 million. The term debt facility was repaid in full in June 2000 on sale of Lend Lease's 30% share of Darling Park.

(13) Lend Lease has a 50% interest in MVIC Finance 2 Pty Limited (MVIC) which has a $200.0 million credit facility for construction and development of the Olympic Village/Newington (Note 30(d)). Of this facility $83.1 million was repaid in June 2000 and the balance is due for repayment no later than June 2001. The loan is secured by the assets of MVIC and the interest rate for $60 million of the loan has been fixed through an interest rate swap at 6.50% per annum. The remainder of the loan bears a floating rate of BBSW plus 0.3%.

(14) This is part of a GBP250.0 million facility that was established in June 1999 as an umbrella facility to fund different stages of development projects undertaken by the European business. The Dundee development was financed by the facility with GBP101.4 million (AUD260.0 million) allocated to the project. The Dundee project allocation has been included in total bank facilities available. During the year GBP59.5 million (AUD152.6 million) was drawn to finance the Dundee project. Interest was charged at LIBOR plus 1.15%. The remainder of this facility is used to fund developments which have been pre-sold and are structured as a receivables purchase rather than a loan. The Solihull project is structured as such and at 30 June 2000 the amount utilised was GBP34.1 million (AUD87.4 million) (GBP12.5 million at 30 June 1999). Refer Note 30(j) for further details.

(15) Lend Lease has a AUD500.0 million Australian commercial paper program. The amount drawn under the facility at 30 June 2000 was nil (30 June 1999 nil). The average interest rate paid on the drawings during the period was 5.6% per annum (June 1999 4.93%).

The following schedule profiles the 30 June 2000 borrowings by currency and interest exposure after interest rate swaps and currency swaps have been taken into consideration.

	Fixed A$m	Floating A$m (1)	Currency (2) AUD A$m	Currency (2) USD A$m
Reset within 1 year	60.0	46.2	83.1	23.1
Between 1 and 5 years	416.8	22.5		439.3
After 5 years	416.8	83.2		500.0
Total	**893.6**	**151.9**	**83.1**	**962.4**

(1) Resulting interest rate exposure after interest rate swaps.
(2) Resulting borrowings mature by currency after currency swaps. These do not reflect outright currency exposures, refer Note 29.

(c) FINANCING GUARANTEES

Lend Lease is guarantor of a bank loan facility for GBP20.0 million (AUD51.3 million) for Chelverton Properties Limited (refer Note 30(oo)) and USD10.5 million (AUD17.5 million) and USD18.5 million (AUD30.8 million) facilities for Chelverton Properties International NV (refer Note 30(kk)). Lend Lease is also guarantor of a GBP25.0 million (AUD64.1 million) revolving credit facility for THI Plc and a GBP3.4 million (AUD8.7 million) loan facility for LL THI Clacton Partnership.

Lend Lease is guarantor for PTE3.375 billion (AUD26.7 million) of a bank loan facility to Lend Lease Porto Retail SGPS for PTE6.75 billion for the acquisition of the Arrabida Project in Portugal.

Lend Lease Corporation has given guarantees of $939.9 million (1999 $667.7 million) in support of financing facilities included within the on-balance sheet borrowings disclosed above, which are held by various controlled entities. These guarantees are issued in respect of entities internal to Lend Lease and do not constitute an additional obligation to that already existing from on-balance sheet borrowings.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
19. PROVISIONS				
CURRENT				
Dividends (Note 7)	163.9	156.3	163.9	156.3
Employee benefits	66.7	29.9		0.5
Maintenance and warranty	84.0	26.3		
Other	189.5	62.5	15.8	
	504.1	**275.0**	**179.7**	**156.8**
NON CURRENT				
Employee benefits	37.4	40.4		0.4
Other	30.1	13.2	8.4	
	67.5	**53.6**	**8.4**	**0.4**
	571.6	**328.6**	**188.1**	**157.2**

The maintenance and warranty provision of $84.0 million is to cover specific or potential claims that normally arise due to defects or legal disputes in relation to recently completed project management projects. The increase mainly relates to provisions acquired with Bovis.

Other provisions totalling $219.6 million are comprised of a number of provisions, including restructuring provisions for Lend Lease Mortgage Investment ($22.6 million), ERE ($5.3 million), Boston Financial ($5.3 million), Bovis ($3.5 million) and Lend Lease Australia for the MLC separation ($19.9 million); provision to cover the mortgage servicing business ($23.7 million) and provision for diminution in value of property investments and inventories ($65.6 million). The balance in other provisions ($73.7 million) related to specific items not otherwise provided for in these financial statements.

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
20. OTHER INTEREST BEARING LIABILITIES				
CURRENT				
Deferred settlement on acquisition				
Development properties	10.0	9.9		
Bluewater lease liability	19.4	16.5		
Finance lease liability	4.5	3.7		
Other	0.3			
	34.2	**30.1**		
NON CURRENT				
Deferred settlement on acquisition				
Development properties	18.0	25.9		
Bluewater lease liability	303.3	304.1		
Finance lease liability	3.1	6.3		
Other	2.2			
	326.6	**336.3**		
	360.8	**366.4**		

Current and non current deferred settlement on acquisition of development properties relates to the deferred land payments for Jacksons Landing ($28.0 million). The Jacksons Landing liability comprises the principal amount of $20.0 million and interest of $8.0 million at the rate of 10.5% per annum, repayable in instalments over 5 years ending in July 2002 to CSR Limited.

The Bluewater lease liability relates to the total Bluewater head lease payments which have been capitalised into the Bluewater development costs.

Other items included in other interest bearing liabilities are shown at face value.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
21. OTHER NON INTEREST BEARING LIABILITIES				
CURRENT				
Deferred settlement on acquisition				
Associate		37.5		
Development properties	24.6	17.3		
Controlled entities	77.9			
Forward foreign exchange contracts		93.5		
Other	7.6	19.1		
	110.1	**167.4**		
NON CURRENT				
Deferred settlement on acquisition				
Development properties	38.5	59.8		
Controlled entities	69.3	0.9		
Westpac share lending collateral	254.1	402.2		
Other	8.6	4.5		
	370.5	**467.4**		
	480.6	**634.8**		

The current deferred settlement of development properties of $24.6 million relates to the remainder payable to TBI plc for the Overgate, Dundee land.

The non current deferred settlement on acquisition of $38.5 million development properties consists of a deferred land payment for Bluewater.

The current and non current deferred settlement on acquisition of controlled entities of $147.2 million mainly relates to deferred purchase payments for Lend Lease Mortgage Investment ($58.4 million) and Boston Financial Group ($59.3 million). The deferred settlement components for Lend Lease Mortgage Investment and Boston Financial have been recorded at their full value, although part of these amounts are contingent on certain outcomes.

Forward foreign exchange contracts are valued at rates of exchange at balance date. Forward foreign exchange contracts are taken out in relation to hedging of the Group's net foreign exchange exposure. The decrease in the liability is due to the realisation and settlement of the contracts during the year.

The amount for Westpac share lending and hedging arrangements (refer Note 12) relates to an obligation to Merrill Lynch as borrowing party arising from the transaction. The amount is equal to the cash collateral received by Lend Lease less proportion, recognised as proceeds on sale of investment for the 15 million Westpac shares unwound from the hedging arrangement (refer Note 12).

Other items included in other non interest bearing liabilities are shown at face value and interest is not payable.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
22. CONTRIBUTED EQUITY	**1,342.1**	**1,262.0**	**1,342.1**	**1,262.0**

	Company	
	No. of Shares m	$m
Issued at 30 June 1999	504.2	1,262.0
Issues and buy backs during the year:		
Issues for		
Dividend reinvestment plan	3.6	70.4
Share purchase plan	1.0	20.8
Share election plan [(1)]	1.6	
Share buy backs	(0.7)	(12.4)
Allocation to Lend Lease Employee Share Plans	2.5	1.3
Issued at 30 June 2000	**512.2**	**1,342.1**

(1) The shares issued under the SEP represent dividends foregone by SEP participants. These shares are issued directly from share capital with the number of shares issued based upon the share price at the date that the dividend payments were foregone.

As approved by shareholders, effective from 31 October 1996 the company implemented a Share Accumulation Plan, one component of which was a share buy-back program whereby the company bought back the number of shares equal to the number of new shares issued under the Dividend Reinvestment Plan (DRP), Share Purchase Plan (SPP) and Share Election Plan (SEP). During the year 0.7 million shares were bought back by the company through on-market transactions as part of the share buy-back program. This buy-back was suspended following the Group's recent acquisitions of Bovis and Boston Financial.

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
23. RESERVES				
SHARE PREMIUM RESERVE				
Opening balance		1,183.2		1,186.4
Transfer of balance of share premium reserve to contributed equity		(1,183.2)		(1,186.4)
CAPITAL RESERVE	**104.6**	**104.6**	**104.6**	**104.6**
ASSET REVALUATION RESERVE				
Opening balance	1,053.7	921.7	1,012.0	880.0
Revaluation of:				
Investments in financial services institutions		132.0		
Reversal on consolidation of Statutory Funds under AASB1038 (Note 12)	(1,053.7)			
Other				132.0
Transfer to retained profits on sale of Financial Services business			(1,012.0)	
		1,053.7		**1,012.0**
FOREIGN CURRENCY TRANSLATION RESERVE				
Opening balance	4.2	9.5		
Currency fluctuation attributable to translation and hedging of self sustaining foreign operations	8.3	(5.3)		
	12.5	**4.2**		
Total reserves	**117.1**	**1,162.5**	**104.6**	**1,116.6**

Notes to Consolidated Financial Statements continued

24. RETAINED PROFITS	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
Retained profits at beginning of financial year	1,027.6	892.6	247.7	318.6
Net profit attributable to Lend Lease Corporation Limited	3,544.5	420.4	2,185.2	209.2
Adjustment resulting from change in accounting policy for investments in associates and joint ventures	(1.0)	(5.3)		
Adjustment to retained profits at the beginning of the financial year on initial adoption of AASB1038 - Life Insurance Business	(456.0)			
Dividend foregone pursuant to share election plan	31.4	22.4	31.4	22.4
Transfer from asset revaluation reserve on sale of Financial Services business			1,012.0	
	4,146.5	**1,330.1**	**3,476.3**	**550.2**
Dividend paid or declared	(326.6)	(302.5)	(326.6)	(302.5)
Retained profits at the end of financial year	**3,819.9**	**1,027.6**	**3,149.7**	**247.7**

The net profit attributable to Lend Lease Corporation includes the extraordinary profit from the sale of the Financial Services businesses.

The adjustment to retained earnings of $456.0 million represents an elimination of part of the cost of the investment in MLC and MLC Lifetime upon the consolidation of the Statutory Funds from 1 July 1999 and represents:

- An amount of goodwill arising on the historical acquisitions of MLC ($76.0 million) and Australian Eagle ($130.0 million), which would have arisen at the time of acquisition had consolidation been previously required.
- An amount of $250.0 million for equity invested in MLC that has been distributed. This relates to the distribution of Statutory Funds' surpluses that occurred prior to the operation of the current Life Act.

25. OUTSIDE EQUITY INTERESTS	Consolidated June 2000 $m	Consolidated June 1999 $m
Outside equity interests in controlled entities comprise:		
LLD Precinct 2 Pty Limited (Olympic Village)	22.0	16.7
WTW Lehrer McGovern Sdn Bnd	0.7	
Lend Lease Apartment Management (25%)	2.1	
Boston Financial Group Management (25%)	2.3	
Other	0.4	
	27.5	**16.7**

At 30 June 2000 the LLD Precinct 2 Pty Limited of $22.0 million outside equity interest related to Mirvac Limited's 33% interest in the Olympic Village precinct of the Olympic Village/Newington project.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
26. CONTINGENT LIABILITIES				
Various	**20.0**	**14.0**		

Lend Lease assumed a contingent capital commitment as part of the Equitable Real Estate acquisition, whereby a put option has been granted to the other 50% owners of Lend Lease Rosen Real Estate Securities, LLC (LL Rosen). Under the option the remaining 50% interest in ERE Rosen can be put to Lend Lease should the assets under management of LL Rosen exceed USD670.0 million (A$1,116.7 million). The exercise price of the put option is USD10.0 million (A$16.7 million), increasing by USD1.0 million (A$1.7 million) each successive year for five years at which time Lend Lease has a call option on the remaining 50% interest at USD15.0 million (A$25.0 million) plus 90% of LL Rosen valuation in excess of USD15.0 million (A$25.0 million). At 30 June 2000 assets under management was USD1,262.6 million, and the put option had not been exercised.

Lend Lease has provided warranties to National Australia Bank (NAB) in connection with the sale of Lend Lease's Financial Services businesses to NAB. The warranties are specifically detailed in the Sale Agreement and are in line with those generally required for a business sale including warranties as to ownership, authority, compliance with relevant laws, disclosure of material issues and accuracy and completeness of information provided. Warranties have also been given in relation to payment of taxes and compliance with taxation laws. The warranties (except for the taxation warranties) are subject to information formally disclosed to NAB in a disclosure letter. Claims under warranty breaches must be notified before 30 June 2002 to be valid (30 June 2005 for taxation warranties).

The findings of the Coronial inquest into the 1997 Thredbo landslide were handed down in June 2000. Due to Lend Lease's past but long term association with Thredbo as an operator and developer, it is considered appropriate that Lend Lease share in the responsibility to assist the families of the victims to move on from this tragedy. While the Coroner did not determine liability, Lend Lease has offered to contribute to payment of compensation to these families.

Contingencies and claims (other than items included above and in Notes 27 and 30), indeterminable in amount, exist in the ordinary course of business. The Directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any known or anticipated losses.

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
27. COMMITMENTS				
(a) OPERATING LEASES				
Estimated aggregate amount of operating lease expenditure agreed or contracted but not provided for in the financial statements:				
Land and buildings				
Self occupied	218.2	234.4	51.7	62.4
Development projects		0.5		
Plant and equipment	74.3	23.7		5.7
	292.5	**258.6**	**51.7**	**68.1**
Due within 1 year	89.9	55.3	13.5	14.9
Due between 1 and 5 years	164.8	155.7	37.1	51.6
Due later than 5 years	37.8	47.6	1.1	1.6
	292.5	**258.6**	**51.7**	**68.1**
(b) CAPITAL EXPENDITURE				
At balance date the aggregate amount of capital expenditure contracted but not provided for in the financial statements:				
Due within 1 year	**4.4**			

Notes to Consolidated Financial Statements continued

	Note	Consolidated June 2000 $m	Consolidated June 1999 $m	Company June 2000 $m	Company June 1999 $m
27. COMMITMENTS continued					
(c) CONTROLLED ENTITIES					
At balance date the aggregate amount of expenditure contracted within the next year but not provided for in the financial statements			**54.3**		
(d) FINANCE LEASE COMMITMENTS					
At balance date the aggregate amount of finance leases contracted:					
Due within 1 year		4.8	4.2		
Due between 1 and 5 years		3.2	6.5		
		8.0	**10.7**		
Less future lease finance charges		(0.4)	(0.7)		
		7.6	**10.0**		
Lease liabilities provided for in the financial statements:					
Current	20	4.5	3.7		
Non Current	20	3.1	6.3		
		7.6	**10.0**		
(e) INVESTMENTS					
At balance date capital commitments existed in respect of interests in partnerships, investments, or joint ventures contracted but not provided for in the financial statements:					
Due within 1 year					
Bulwer Island Energy Partnership	30(l)	8.9	21.0		
Lend Lease Asia Water Trust	30(dd)	25.7	24.6	25.7	24.6
International Distressed Debt Fund		83.3			
Infrastructure Investment Corporation Limited	30(n)		16.5		16.5
Lend Lease Real Estate Partners I Ltd		4.8	5.0		
Vestar Glendale Joint Venture	30(t)		2.2		
Mirvac Lend Lease Village Consortium	30(d)		8.5		
Vestar Long Beach Joint Venture	30(s)		4.9		
Yarmouth Capital Partners Limited Partnership II	30(g)		11.1		
Value Enhancement Fund III	30(v)		8.9		
Value Enhancement Fund IV		31.9			
Value Enhancement Fund V		10.4			
Lend Lease Global Property Fund	30(ll)	66.5	66.4		
Multi-family investment funds		18.1			
Debt management investment portfolios		15.6			
Lend Lease Retail Partnership	30(nn)	25.0			
Other		0.8	0.9		
Due between 1 and 5 years					
Mirvac Lend Lease Village Consortium	30(d)	16.5	16.5		
Bulwer Island Energy Partnership	30(l)		2.0		
LL Retail Partnership	30(nn)		24.0		
Asia Pacific Investment Company	30(cc)		23.1		
		307.5	**235.6**	**25.7**	**41.1**

(f) SUPERANNUATION/PENSION FUNDS

Lend Lease sponsors a number of superannuation/pension funds which provide benefits for employees or their dependants on retirement, redundancy, disability or death. The funds provide, in the majority of cases, benefits in the form of lump sum/ pension payments. Contributions to the funds are generally based on a percentage of employees' salaries.

Notes to Consolidated Financial Statements continued

27. COMMITMENTS continued

(f) SUPERANNUATION/PENSION FUNDS continued

Lend Lease is obliged to contribute to the funds in accordance with their governing Trust Deeds and in the majority of cases the contributions are legally enforceable. Contributions are made at levels which ensure the funds are able to meet their obligations as determined by actuarial assessments. Based on these assessments, each fund would be able to satisfy all benefits that would have been vested in the event of:

- termination of the funds;
- voluntary termination of the employment of each employee on the initiative of the employee; or
- compulsory termination of the employment of each employee on the initiative of the employer.

Other than major funds in Australia and the UK, the size of the minor funds are not significant separately or in aggregate and therefore further disclosures are only in respect of the major or principal funds. The actuaries of the principal funds at the end of the financial year were G. Holley, F.I.A.A for the Australian fund, and R. Mulcahy, F.I.A. for the UK fund. Actuarial assessments in relation to the Australian fund are carried out at least every three years and the latest actuarial assessment of this fund was carried out at 1 January 2000, whilst for the UK fund the latest actuarial assessment was 1 November 1999.

The accrued benefits, fund assets at net market value and vested benefits of the principal Australian fund is as follows:

	Australian Fund	
	2000 $m	1999 $m
Fund assets at net market value at balance date	415.2	394.7
Accrued benefits at latest actuarial review (1)	246.8	201.2
Excess of fund assets over accrued benefits	**168.4**	**193.5**
Vested benefits at balance date	256.3	231.8
Lend Lease contributions to the fund	1.7	1.4
Lend Lease contributions payable to the fund	0.2	0.6

(1) Accrued benefits are benefits which the fund is presently obliged to pay at some future date, as a result of membership of the fund. Accrued benefits for the Australian Fund have been determined based on the amount calculated by the actuary at the date of the most recent actuarial review, being 1 January 2000.

At 30 June 2000, MLC employees remained as members of the principal Australian fund. Under a Deed of Agreement between the trustee and NAB, the assets supporting the benefits for MLC Employees (amounting to $78.0 million at 30 June 2000) have been partitioned within the fund. These assets will ultimately be transferred to a NAB fund. The fund is not exposed to movements in the value of these assets for the period after 30 June 2000.

The net market value of the principal UK fund at 30 June 2000 was GBP125.0 million (A$320.5 million) with the accrued benefits at the latest actuarial assessment being GBP108.8 million (A$279.0 million). The actuary has certified the level of solvency for accrued benefits on a long term basis at 100% and that the fund meets the minimum funding requirement (currently 120%).

Lend Lease US Employee Pension Plans

Lend Lease US has established several employee pension plans in accordance with USA laws. These plans are administered in accordance with actuarial advice and are funded on a defined contribution basis which enables employees to receive a cash balance upon leaving employment or retirement. Employees of the former ERE organisation may be eligible for health insurance benefits upon retirement based on service with the organisation. At 30 June 2000 the accrued benefits approximated the assets held by the pension plans.

(g) LEND LEASE EMPLOYEE SHARE PLANS

Lend Lease has as a core value the concept of the "partnering" of capital and labour. This successful concept has, over decades, been advanced in many practical ways in Lend Lease through such philosophies as employee ownership and profit sharing.

Currently employees own approximately 14% of the issued capital of Lend Lease.

Notes to Consolidated Financial Statements continued

27. COMMITMENTS continued

(g) LEND LEASE EMPLOYEE SHARE PLANS continued

In October 1988, shareholders approved an annual allotment of 0.5% of the issued capital of Lend Lease Corporation at 50 cents per share to be used for the benefit of Lend Lease Group employees. In previous years the annual allotment was primarily directed for the benefit of Australian employees through the Lend Lease Employee Share Acquisition Plan (ESAP). With the global expansion of Lend Lease and the employment of a significant number of employees outside Australia, employee share plans were extended to UK, European and US employees, with the annual allotment of the 0.5% of issued capital (comprising 2,521,137 shares) allocated across the Group's various global employee share plans. These plans are described in more detail below.

Australian Based: Employee Share Acquisition Plan (ESAP)

In accordance with the 1988 shareholder approval, ESAP was established in December 1988 for the purpose of employees acquiring shares in Lend Lease Corporation. That plan replaced previous employee ownership facilities in place over the previous decade.

ESAP is funded by Lend Lease subscriptions at the rate of up to 7.5% of annual salary and employee profit share calculated at the rate of up to 7.5% of profit before tax in accordance with a Profit Sharing Deed. Annual salary and profit share subscriptions are used to acquire shares in Lend Lease Corporation at market value on behalf of employees, who may be nominated as members of ESAP. Employees individually may request, and Lend Lease Corporation Board may approve such a request, to receive a portion of this Profit Share as a cash payment. Employees are also allocated shares on the basis of individual and departmental performance. These shares are issued to the Plan at 50 cents per share value from the 0.5% of issued capital mentioned above.

US Based: Employee Share Plan

The Lend Lease U.S. Long Term Incentive Share Plan ("the Plan") was established in the US in 1998. The Plan was established with a US rabbi trust that holds shares in Lend Lease Corporation to assist payment of benefits under the Plan. Employees may acquire units in the Plan by sacrificing part of their salary and/or benefits funding the purchase of Lend Lease shares at market value. Units in the Plan are also issued to employees based on individual and departmental performance. Underlying shares are issued to the US Trust at 50 cents per share from the 0.5% of issued capital referred to above. The value of the units to employees is ultimately based upon a combination of the Lend Lease Corporation share price and the US and Australian dollar exchange rate.

Lend Lease is responsible for the liabilities of the rabbi trust. For reporting purposes the assets and the liabilities of the rabbi trust which are equal are offset.

UK Based: Employee Share Plan

Two European Share Plans ("the Plans") were established in 1998, being the UK based Inland Revenue approved plan ("the Approved Plan") and the European (Guernsey based) restricted share plan ("the Restricted Share Plan"). The Plans jointly, are similar in operation to the Australia based ESAP, however, the Approved Plan is only available to UK employees.

The Approved Plan is funded by Lend Lease subscriptions at a rate of up to 5% of annual salary. These subscriptions are used to acquire shares in Lend Lease Corporation at market value on behalf of UK employees.

Shares in the Restricted Share Plan may be allocated to employees in both the UK and Europe and as "options" for Asia, based on individual and departmental performance. Shares are issued to this plan from the 0.5% of issued capital referred to above. In addition, the Restricted Share Plan can acquire Lend Lease Corporation shares at market value on behalf of employees. The value of allocations to employees is ultimately based on a combination of the Lend Lease Corporation share price and the respective UK, Euro and Asian currencies and Australian dollar exchange rates.

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
28. NOTES TO THE STATEMENTS OF CASH FLOWS				
(a) RECONCILIATION OF PROFIT AFTER TAX FROM ORDINARY ACTIVITIES TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Profit after tax from ordinary activities	432.2	420.4	199.1	209.2
Amortisation and depreciation	85.1	26.9	1.5	1.9
Gain on sale of fixed assets and investments	(210.9)	(58.0)		1.6
Gain on sale of controlled entity – COMPASS		(18.0)		
Foreign exchange loss/(gain) and currency hedging costs	(5.6)	3.8	24.0	(27.7)
Equity accounted profit	(16.8)	(1.6)		
Net movement in provisions	(72.0)	(0.4)	4.5	16.8
Net increase in policy liabilities	2,309.4			
Net cash provided by operating activities before changes in assets and liabilities	**2,521.4**	**373.1**	**229.1**	**201.8**
Decrease/(increase) in receivables	314.2	(136.5)	790.7	(38.9)
Decrease/(increase) in inventories	614.7	(613.8)		
Increase in investments attributable to Statutory Funds	(2,413.6)			
(Increase)/decrease in other assets	(157.0)	0.7	(0.1)	
Increase/(decrease) in creditors	31.6	335.3	(808.6)	(2.2)
Increase in other liabilities	59.6	325.6		
(Increase)/decrease in deferred tax items	3.1	18.4	(3.2)	7.4
Decrease in unsettled investment transactions	(247.8)			
Net cash provided by operating activities	**726.2**	**302.8**	**207.9**	**168.1**

(b) SUPPLEMENTARY INFORMATION

The consolidated cash flow statement includes cash flows of the Statutory Funds. Note 28(e) contains a supplementary cash flow statement which distinguishes between Statutory Funds' cash flows and cash flows for the Lend Lease Operating Businesses.

The significant increase in cash receipts and cash payments in the course of operations is mainly due to the inclusion of the acquired Bovis Group. Cash payments also includes Statutory Funds' expenses of $395.1 million.

	Receipts		Expenditure	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
Property development receipts and expenditure:				
Bluewater	530.6	1,103.8	158.0	730.0
Olympic Village/Newington	204.9	20.6	229.2	130.2
Touchwood Court, Solihull	55.3	74.1	158.4	53.3
Darling Park, Sydney	185.0	8.3	25.8	52.2
88 Phillip Street/155 Macquarie Street, Sydney	1.7	1.7	82.7	48.7
Overgate, Dundee	114.6		148.4	45.2
Tally Ho		22.7		20.7
Auslig	12.5		0.5	16.8
Norwich			10.6	14.5
Admiralty Industrial Park	39.4	33.3	29.1	4.5
Jacksons Landing	19.2	2.5	4.9	1.4
Riverside II	17.8			
Other	73.2	58.2	36.0	65.5
	1,254.2	**1,325.2**	**883.6**	**1,183.0**

Notes to Consolidated Financial Statements continued

28. NOTES TO THE STATEMENTS OF CASH FLOWS continued

(b) SUPPLEMENTARY INFORMATION continued

The Jacksons Landing development is carried out in a trust which is equity accounted by Lend Lease and therefore only Lend Lease's equity contributions are treated as a property development expenditure.

Interest received of $511.6 million includes $461.8 million for the Statutory Funds. Dividends received of $491.3 million includes $468.8 million for the Statutory Funds.

Distributions from partnerships comprised distributions received from Prospect Water Partnership ($2.5 million), King of Prussia ($16.4 million) and Fareham Retail Partnership ($1.2 million).

Income tax paid of $243.1 million includes $160.3 million paid by the Statutory Funds.

Premiums received and policy payments mainly relate to the Statutory Funds. The net proceeds from the sale of Statutory Funds investments is included in cash flows from operating activities as the buying and selling of investments to fund policy payments is part of the ordinary course of business for the Statutory Funds.

Proceeds on sale of investments totalling $218.6 million comprised, Sitel Corporation ($48.4 million), Mirvac Stapled Securities ($43.6 million), Fareham Shopping Centre Partnership ($26.7 million), dividends received on 100 million Westpac shares subject to forward sale agreement ($47.0 million), Advantra ($27.0 million) and other ($25.9 million).

Purchases of investments totalling $133.5 million comprised investments in APIC ($23.6 million), Tres Aguas ($18.7 million), coolsavings.com, Inc ($13.2 million), Bulwer Island Energy Partnership ($15.5 million), Lend Lease Global Property Fund ($4.5 million) and other investments ($58.0 million).

Repayment of loan made to associate of $21.5 million relates to the repayment of a short-term loan to Chelverton Properties Limited.

Purchases of property, plant and equipment included $19.4 million for the refurbishment of the MLC offices in North Sydney during the year.

Proceeds from borrowings totalling $3,839.7 million were mainly comprised of:

- $500.0 million for the issue of guaranteed notes in the US debt market;
- $415.0 million of issues under the domestic commercial paper program;
- $151.8 million for Dundee development costs;
- $520.8 million to finance working capital for US operations;
- $1,500.0 million short term market rate advance; and
- $691.3 million to finance working capital for Europe operations.

Repayments of borrowings totalling $4,394.0 million were mainly comprised of:

- $587.9 million used to fully repay the Bluewater debt facilities in July 1999;
- $575.0 million used to repay working capital facility in the US;
- $85.0 million used to fully repay the Darling Park debt facilities in June 2000;
- $415.0 million used to repay issues under the domestic commercial paper program;
- $1,500.0 million repayment of short term market rate advance;
- $151.8 million used to fully repay the Dundee development debt facilities; and
- $691.3 million used to repay working capital facility in Europe.

Net proceeds from share issues include the amount of dividends foregone pursuant to Share Election Plan of $31.4 million (June 1999 $22.4 million).

Notes to Consolidated Financial Statements continued

28. NOTES TO THE STATEMENTS OF CASH FLOWS continued

(c) ACQUISITION OF CONTROLLED ENTITIES

	Consolidated June 2000 $m
Payments for acquisition of controlled entities comprised:	
Bovis Group plc	752.1
Canadian Eastern Life Assurance Ltd	250.0
Boston Financial Group	222.0
Godfrey Pembroke	40.0
Lend Lease Mortgage Investment	377.2
20% of Flexiplan	20.0
Advance Assurance	24.1
Project Consultants Inc	3.5
	1,688.9

	Bovis	CEF Life	Boston Financial Group	Godfrey Pembroke	Lend Lease Mortgage Investment
Acquisition Cost					
Cash paid for acquisition	730.8	246.0	217.0	40.0	372.2
Cash paid for acquisition costs	21.3	4.0	5.0		5.0
	752.1	**250.0**	**222.0**	**40.0**	**377.2**
Deferred payments			59.3		58.4
Provision for restructure	14.1		23.3		45.8
Total acquisition cost	**766.2**	**250.0**	**304.6**	**40.0**	**481.4**
Cash consideration	730.8	246.0	217.0	40.0	372.2
Cash acquired	(162.6)	(29.1)	(8.0)	(5.0)	(16.2)
Net outflow of cash	**568.2**	**216.9**	**209.0**	**35.0**	**356.0**
Fair Value of Net Assets of Entity Acquired					
Cash and cash equivalents	162.6	29.1	8.0	5.0	16.2
Management agreements			207.7		243.3
Inventories	271.1				
Investments	25.5	115.9	38.4		324.3
Receivables	936.1	21.2	18.2	0.9	15.5
Property, plant and equipment	40.5		28.1	1.4	6.0
Future income tax benefit	21.5		20.9		
Other assets	25.0	7.4	16.9	1.2	22.7
Borrowings	(2.2)		(43.5)		(316.1)
Creditors	(1,267.3)	(19.8)		(4.5)	
Policy liabilities		(72.1)			
Other liabilities		(7.2)	(22.2)		(42.2)
Provisions	(163.3)			(2.0)	
	49.5	**74.5**	**272.5**	**2.0**	**269.7**
Outside equity interest at acquisition		(33.5)			
Lend Lease share of net assets acquired	**49.5**	**41.0**	**272.5**	**2.0**	**269.7**
Goodwill on acquisition	716.7		32.1		211.7
Excess of market value over net assets at acquisition		209.0		38.0	
Total acquisition cost	**766.2**	**250.0**	**304.6**	**40.0**	**481.4**

Bovis

On 29 October 1999, Lend Lease acquired 100% of the common stock of Bovis Group plc ("Bovis"). The consolidated profit after tax includes the results of Bovis from that date.

Notes to Consolidated Financial Statements continued

28. NOTES TO THE STATEMENTS OF CASH FLOWS continued

(c) ACQUISITION OF CONTROLLED ENTITIES continued

CEF Life

On 21 October 1999, Lend Lease acquired 55% of the common stock of Canadian Eastern Life Assurance Ltd ("CEF"). The consolidated profit after tax includes the results of CEF from that date.

CEF was included as part of the sale of the Financial Services businesses.

Boston Financial Group

On 3 November 1999, Lend Lease acquired 100% of the Boston Financial Group. The consolidated profit after tax includes the results of Boston Financial Group from that date.

Godfrey Pembroke

On 1 July 1999, Lend Lease acquired 100% of the common stock of Godfrey Pembroke. The consolidated profit after tax includes the results of Godfrey Pembroke from that date.

Godfrey Pembroke was included as part of the sale of the Financial Services business.

Lend Lease Mortgage Investment

On 17 March 2000, Lend Lease acquired five debt businesses from AMRESCO Inc, which are collectively referred to as Lend Lease Mortgage Investment. The consolidated profit after tax includes the results of Lend Lease Mortgage Investment from that date.

Flexiplan

The purchase of additional 24% interest was made during the year, which brought the total interest to 100%.

Flexiplan was included as part of the sale of the Financial Services businesses.

Advance Assurance

Lend Lease acquired a total of 55% of Advance Assurance Co. Limited in two purchases, on 11 April 2000 and 30 June 2000.

Advance Assurance was included as part of the sale of the Financial Services business.

(d) DISPOSAL OF CONTROLLED ENTITIES

Financial Services Business

On 30 June 2000, Lend Lease disposed of 100% of its interests in its Financial Services businesses for $4,596.7 million. Entities that were included in the sale were MLC Holdings Limited and its controlled entities; Lend Lease Corporate Services Limited; Lend Lease Advisor Services Limited; Lend Lease Corporate Services (Asia) Pte Ltd; and the Investment Management Division (excluding the Property Securities business retained by Lend Lease).

	Consolidated June 2000 $m
Proceeds from sale comprised	
MLC Holdings Limited consolidated	4,504.0
Lend Lease Corporate Services Limited (LLCS)	3.7
Lend Lease Advisor Services Limited (LLAS)	5.5
Lend Lease Corporate Services (Asia) Pte Ltd (LLCSA)	1.9
Investment Management Division (IMD)	81.6
	4,596.7

Notes to Consolidated Financial Statements continued

28. NOTES TO THE STATEMENT OF CASH FLOWS continued

(d) DISPOSAL OF CONTROLLED ENTITIES continued

Financial Services Business continued

	MLC Holdings Consolidated	LLCS	LLAS	IMD	LLCSA	Total
Sale Proceeds						
Cash received	4,504.0	3.7	5.5	81.6	1.9	4,596.7
Disposal costs	(53.8)					(53.8)
Net proceeds	**4,450.2**	**3.7**	**5.5**	**81.6**	**1.9**	**4,542.9**
Carrying value of net assets of entities disposed						
Cash and cash equivalents	657.0	5.8	14.9		1.9	679.6
Receivables	653.2	3.9	0.7			657.8
Property, plant and equipment	48.7	0.4				49.1
Future income tax benefit	21.2	0.3	3.1			24.6
Management agreements	10.4					10.4
Statutory Fund investments	24,631.1					24,631.1
Other assets	3.2		1.0			4.2
Creditors	(856.2)	(3.9)	(10.9)			(871.0)
Policy liabilities	(23,492.4)					(23,492.4)
Provisions	(620.7)		(3.3)			(624.0)
Other liabilities	(171.2)					(171.2)
Lend Lease share of net assets disposed	**884.3**	**6.5**	**5.5**		**1.9**	**898.2**
Profit before tax on disposal	**3,565.9**	**(2.8)**		**81.6**		**3,644.7**
Tax expense/(benefit) on disposal	567.8	(1.8)	(1.1)	(30.4)	(2.1)	532.4
Profit after tax on disposal	**2,998.1**	**(1.0)**	**1.1**	**112.0**	**2.1**	**3,112.3**
Cash Flows Resulting From Sale						
Cash consideration	4,504.0	3.7	5.5	81.6	1.9	4,596.7
Cash disposed	(657.0)	(5.8)	(14.9)		(1.9)	(679.6)
Net inflows/(outflows) of cash	**3,847.0**	**(2.1)**	**(9.4)**	**81.6**		**3,917.1**

Of the cash disposed with the Financial Services businesses, $531.1 million was within the Statutory Funds, which was subject to restrictions imposed under the Life Insurance Act 1995 and other restrictions and therefore was not available for investing or operational activities by other parts of the Lend Lease Group. The table below shows cash flows resulting from the sale excluding the cash within the Statutory Funds.

	MLC Holdings Consolidated	LLCS	LLAS	IMD	LLCSA	Total
Cash Flows Resulting From Sale (excluding Statutory Funds)						
Cash consideration	4,504.0	3.7	5.5	81.6	1.9	4,596.7
Cash disposed	(125.9)	(5.8)	(14.9)		(1.9)	(148.5)
Net inflows/(outflows) of cash	**4,378.1**	**(2.1)**	**(9.4)**	**81.6**		**4,448.2**

Notes to Consolidated Financial Statements continued

28. NOTES TO THE STATEMENT OF CASH FLOWS continued

(e) SUPPLEMENTARY CASH FLOW STATEMENTS

The consolidated cash flow statement includes cash flows of the Statutory Funds. The current Australian Accounting Regulations do not allow for the cash flows of the Statutory Funds to be separated and disclosed separately on the Statement of Cash Flows.

To ensure the cash flows of the Statutory Funds are readily identifiable, a Supplementary Cash Flow Statement, which distinguishes between Statutory Funds' cash flows and cash flows for the Lend Lease Operating Businesses, has been included in these financial statements as follows:

	Notes	Lend Lease Operating Businesses June 2000 $m	Statutory Funds June 2000 $m	Total June 2000 $m	Total June 1999 $m
Cash Flows From Operating Activities					
Cash receipts in the course of operations		7,822.1		7,822.1	1,932.1
Cash payments in the course of operations		(7,891.5)	(395.1)	(8,286.6)	(1,851.9)
Property development receipts		1,254.2		1,254.2	1,325.2
Property development expenditures		(883.6)		(883.6)	(1,183.0)
Interest received		49.8	461.8	511.6	38.8
Dividends received		22.5	468.8	491.3	35.8
Distributions from partnerships received		20.1		20.1	15.3
Distribution of profits to shareholder from Statutory Funds		158.0	(158.0)		152.6
Income tax paid	5(b)	(82.8)	(160.3)	(243.1)	(90.9)
Interest paid		(109.5)	(18.3)	(127.8)	(71.2)
Premiums received [1]		135.8	3,473.6	3,609.4	
Policy payments [1]		(31.3)	(3,823.7)	(3,855.0)	
Net proceeds from sales and purchases of Statutory Funds investments		14.4	399.2	413.6	
Net cash provided by operating activities	28(a)	**478.2**	**248.0**	**726.2**	**302.8**
Cash Flows From Investing Activities					
Proceeds from sale/redemption of investments		218.6		218.6	195.1
Purchases of investments		(133.5)		(133.5)	(239.4)
Cash collateral on Westpac hedge	12				402.2
Repayment of loan made to associate		21.5		21.5	(21.5)
Proceeds from sale of controlled entities	28(d)	4,596.7		4,596.7	296.0
Payment for acquisition of controlled entities	28(c)	(1,688.9)		(1,688.9)	(224.9)
Proceeds from sale of property, plant and equipment		0.2		0.2	1.0
Purchases of property, plant and equipment		(45.4)		(45.4)	(15.6)
Net cash provided by investing activities		**2,969.2**		**2,969.2**	**392.9**
Cash Flows From Financing Activities					
Proceeds from borrowings		3,839.7		3,839.7	1,633.5
Repayment of borrowings		(4,306.0)	(88.0)	(4,394.0)	(1,845.2)
Net proceeds from share issues		124.1		124.1	108.3
Payments for share buy backs		(12.6)		(12.6)	(142.6)
Dividends paid		(319.0)		(319.0)	(281.8)
Net cash used in financing activities		**(673.8)**	**(88.0)**	**(761.8)**	**(527.8)**
Other Cash Flow Items					
Effect of exchange rate changes on cash and cash equivalents		17.1		17.1	(19.6)
Cash balances in controlled entities acquired/(sold)		72.4	(531.1)	(458.7)	(9.2)
Net increase/(decrease) from other items		**89.5**	**(531.1)**	**(441.6)**	**(28.8)**
Net increase/(decrease) in cash and cash equivalents		**2,863.1**	**(371.1)**	**2,492.0**	**139.1**
Cash and cash equivalents at beginning of year		620.7	371.1	991.8	481.6
Cash and cash equivalents at end of year	8	**3,483.8**		**3,483.8**	**620.7**

(1) Premiums received and policy payments for the Lend Lease Operating businesses in June 2000 relates to CEF Life and PT Simas Lend Lease Life, which are both held in the Shareholders' Fund of MLC.

Notes to Consolidated Financial Statements continued

29. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) FOREIGN CURRENCY RISK

Lend Lease's policy regarding foreign currency management is to actively manage currency risk so as to minimise any adverse impact of this risk and associated costs on the Lend Lease Group's consolidated profit and net asset positions. A Foreign Exchange Risk Management Committee manages the Group's foreign currency exposures within the parameters of the currency risk management policy. Speculative trading is not undertaken.

When hedging its position, Lend Lease adopts a strategy using both physical instruments and derivative financial instruments.

In regard to derivative financial instruments Lend Lease:

- mainly uses forward foreign exchange contracts;
- only uses these instruments for hedging purposes;
- does not use these instruments for trading purposes;
- has a policy which is reviewed by the Lend Lease Corporation Board covering all dealings with counterparties and respective monetary dealing limits;
- principally deals with counterparties that are large financial institutions within approved credit limits; and
- does not have any significant exposure to any individual counterparty.

Exchange gains and losses on forward exchange contracts entered into for hedging net assets and profits of foreign operations are accounted for in accordance with Lend Lease's accounting policy for foreign currency (Note 1(r)).

Lend Lease uses forward foreign exchange contracts to hedge a portion of projected profits from foreign operations as follows:

Foreign Operations	Portion Hedged Year Ended 30 June 2001	Portion Hedged Year Ended 30 June 2002	Portion Hedged Year Ended 30 June 2003
USA (USD)	90%	70%	30%
UK (GBP)	90%	50%	30%
Europe (EURO)	0%	70%	0%
India (INR)	80%	0%	0%

During the year ended 30 June 2000, Lend Lease maintained the following hedged positions in relation to its significant net asset foreign currency exposures. The net asset exposure to the United States Dollar was hedged to 74%, Pounds Sterling 67%, Singapore Dollars 100%, New Zealand Dollars 100% and Euro's 100%. The Hong Kong Dollar and Thai Baht were both hedged during the year, these hedges were terminated as a result of the sale of the Financial Services Group. The remaining foreign currency denominated net asset positions were not hedged as these exposures were not significant.

The gross value of Australian dollars to be received under foreign currency contracts, the weighted average contracted exchange rates and the settlement dates of outstanding contracts is as follows:

	Weighted average exchange rate		Total A$ Receivable/(Payable) Under contracts	
	June 2000 (A$1=)	June 1999 (A$1=)	June 2000 $000's	June 1999 $000's
Contracts to Sell US Dollars at an agreed exchange rate				
Not later than one year	0.60	0.78	1,295.7	365.0
Later than one year but not later than two years	0.63	0.61	48.2	28.3
Later than two years but not later than five years	0.60		45.2	
Contracts to Buy US Dollars at an agreed exchange rate				
Not later than one year	0.60		(8.3)	
Contracts to Sell GB Pounds at an agreed exchange rate				
Not later than one year	0.39	0.44	831.9	347.0
Later than one year but not later than two years	0.40	0.39	29.8	73.3
Later than two years but not later than five years	0.39		45.0	

Notes to Consolidated Financial Statements continued

29. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

	Weighted average exchange rate		Total A$ Receivable/(Payable) under contracts	
	June 2000 (A$1=)	June 1999 (A$1=)	June 2000 $000's	June 1999 $000's
(a) FOREIGN CURRENCY RISK continued				
Contracts to Buy GB Pounds at an agreed exchange rate				
Not later than one year	0.39		(20.5)	
Later than one year but not later than two years	0.39		(10.8)	
Contracts to Sell Singapore Dollars at an agreed exchange rate				
Not later than one year	1.03	1.08	66.6	73.3
Later than one year but not later than two years		1.10		5.1
Contracts to Buy Singapore Dollars at an agreed exchange rate				
Not later than one year	1.00	1.00	(4.5)	(2.9)
Later than one year but not later than two years		0.99		(4.4)
Contracts to Sell Euro Dollars at an agreed exchange rate				
Not later than one year	0.63		46.1	
Later than one year but not later than two years	0.61		13.2	
Contracts to Buy Euro Dollars at an agreed exchange rate				
Not later than one year	0.63		(3.5)	
Contracts to Sell NZ Dollars at an agreed exchange rate				
Not later than one year	1.23	1.18	24.3	20.9
Contracts to Sell Indonesian Rupiah at an agreed exchange rate				
Not later than one year	31.92	28.7	1.4	7.7
Contracts to Sell Thai Baht at an agreed exchange rate				
Not later than one year		28.0		(0.7)
			2,399.8	**912.6**

The above foreign currency contracts are used by Lend Lease to hedge its foreign currency net asset exposures and projected foreign currency profits. The forward exchange contracts are converted to market rates at balance date and the unrealised gains and losses are recorded on the Statement of Financial Position. At 30 June 2000 Lend Lease had neither an asset or liability (1999 liability of $93.5 million) in respect to the above contracts (refer Note 21).

(b) CREDIT RISK EXPOSURES

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Lend Lease Risk and Compliance Committee maintains a Group wide framework for risk management and reviews issues of material risk exposure, including credit risk. The group has a Board-approved credit policy for determining acceptable counterparties. The counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The policy determines credit limits for each counterparty. The use of any counterparty outside the policy specifications requires Board approval.

On Balance Sheet Financial Instruments

The credit risk on financial assets which have been recognised in the Statements of Financial Position, excluding investments of Lend Lease, is equal to the carrying amount, net of any provision for doubtful debts.

Lend Lease minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries. Lend Lease is not materially exposed to customers in any individual overseas country or any individual customer except for:

- The investment in bank accepted and endorsed bills of exchange at 30 June 2000, included $2,463.2 million with NAB.
- There were $827.2 million of trade debtors at 30 June 2000 that related to the Bovis Lend Lease US business.

Off Balance Sheet Financial Instruments

Credit risk on off balance sheet derivative contracts is minimised as dealing is principally undertaken with counterparties that are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Foreign exchange contracts are subject to credit risk in relation to the counterparty failing to deliver the contracted amount of currency, at settlement date. The full amount of the exposure is disclosed in Note 29(a).

Notes to Consolidated Financial Statements continued

29. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

(c) INTEREST RATE RISK

Lend Lease's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as Lend Lease intends to hold fixed rate assets and liabilities to maturity.

	Note	Weighted Average Interest Rate (1)	Floating Interest Rate $m	Fixed Interest Maturing In: 1 Year or Less $m	Fixed Interest Maturing In: Over 1 to 5 Years $m	Fixed Interest Maturing In: More than 5 Years $m	Non Interest Bearing $m	Total $m
2000								
Financial assets								
Cash	8	5.93%	3,351.3				132.5	3,483.8
Receivables	9	9.40%	1.8	16.3	12.7		2,191.1	2,221.9
Investments	11,12	8.00%	6.5				1,052.3	1,058.8
			3,359.6	**16.3**	**12.7**		**3,375.9**	**6,764.5**
Financial liabilities								
Creditors	17	10.50%		7.0	12.7		2,007.5	2,027.2
Borrowings	18	7.01%	45.6	83.1	416.8	500.0		1,045.5
Other liabilities	20,21	9.20%		24.2	308.6		508.6	841.4
Dividends payable	19						163.9	163.9
Employee entitlements	19						104.1	104.1
			45.6	**114.3**	**738.1**	**500.0**	**2,784.1**	**4,182.1**
Net financial assets and liabilities			**3,314.0**	**(98.0)**	**(725.4)**	**(500.0)**	**591.8**	**2,582.4**
Interest rate swaps (2)	18		23.3	60.0		(83.3)		
1999								
Financial Assets								
Cash	8	4.72%	462.0	148.5			10.2	620.7
Receivables	9	9.44%	3.2	12.6	21.4		973.9	1,011.1
Investments	11,12						2,658.1	2,658.1
			465.2	**161.1**	**21.4**		**3,642.2**	**4,289.9**
Financial Liabilities								
Creditors	17						981.8	981.8
Borrowings	18	7.29%	466.3	359.3		384.6		1,210.2
Other liabilities	20,21	9.40%		26.5	340.0		519.0	885.5
Dividends payable	19						156.3	156.3
Employee entitlements	19						62.2	62.2
			466.3	**385.8**	**340.0**	**384.6**	**1,719.3**	**3,296.0**
Net financial assets and liabilities			**(1.1)**	**(224.7)**	**(318.6)**	**(384.6)**	**1,922.9**	**993.9**
Interest rate swaps (2)	18		(186.4)	126.4	60.0			

(1) Does not include non interest bearing financial instruments.
(2) Refers to the notional principal amounts for the interest rate swaps in place for Olympic Village debt facilities, and AUD500 MTN. (1999 Olympic Village and Darling Park)

(d) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and liabilities are determined by Lend Lease on the following basis:

On Balance Sheet Financial Instruments

The net fair value of financial assets exceeds the carrying amount and the net fair value of financial liabilities are equivalent to their carrying value.

Notes to Consolidated Financial Statements continued

29. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

(d) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES continued

On Balance Sheet Financial Instruments continued

The net fair value of financial assets exceeds the carrying amount and the net fair value of financial liabilities are equivalent to their carrying value.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date (refer also to Notes 11 and 12). For non traded equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment (refer also to Note 11 and 12).

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	Consolidated 2000		Consolidated 1999	
	Carrying Amount $m	Net Fair Value $m	Carrying Amount $m	Net Fair Value $m
Financial Assets				
Cash	3,483.8	3,483.8	620.7	620.7
Receivables	2,221.9	2,221.9	1,011.1	1,011.1
Investments traded	141.8	366.4	214.4	482.2
Investments – non traded	917.0	917.0	2,443.7	3,153.0
	6,764.5	**6,989.1**	**4,289.9**	**5,267.0**
Financial Liabilities				
Creditors	2,027.2	2,019.4	981.8	981.8
Borrowings	1,045.5	1,045.2	1,210.2	1,210.2
Other liabilities	841.4	841.4	885.5	885.5
Dividends payable	163.9	163.9	156.3	156.3
Employee entitlements	104.1	104.1	62.2	62.2
	4,182.1	**4,174.0**	**3,296.0**	**3,296.0**

Off Balance Sheet Financial Instruments

The gross assets and liabilities relating to forward exchange contracts are not recorded on the Statements of Financial Position at 30 June 2000. The balances relating to forward foreign exchange contracts included in other liabilities above (refer Note 21), represents the net unrealised losses resulting from converting the forward exchange contracts to market rates at balance date. This also represents the net fair value of these contracts as disclosed below.

Lend Lease (US) Finance Inc executed cross currency swaps on its AUD500m Medium Term Note issue (Note 18(b)). Under the swaps, Lend Lease is paying US LIBOR +58 basis points, and has fixed a AUD/USD exchange rate at July 2005 of 0.633 for the face value of the notes. The carrying value of this liability at 30 June 2000 is AUD27.5 million represented by the additional AUD payable in July 2005 on the notes to close the cross currency swap. The net fair value represents the “marked-to-market” liability to Lend Lease (AUD19.7 million). Interest rate swaps have been undertaken to swap the US LIBOR exposure to fixed.

The net fair value of financial assets or financial liabilities arising from interest rate swap agreements has been determined as the carrying value which represents the amount currently receivable or payable at the reporting date. At 30 June 2000 carrying value of $nil approximates net fair value. Interest swaps outstanding are related to the Olympic project borrowings, and the USD floating exposure of the AUD500 million Medium Term Note.

Lend Lease Corporation and certain of its controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in Note 26.

The net fair value of off-balance sheet financial instruments held by Lend Lease at 30 June 2000 are:

	Consolidated 2000		Consolidated 1999	
	Carrying Amount $m	Net Fair Value $m	Carrying Amount $m	Net Fair Value $m
Financial Liabilities				
Forward foreign exchange contracts	(0.1)	(0.1)	93.5	93.5
Interest rate swaps		(0.3)		1.5
Cross currency swaps (1)	27.5	19.7		
	27.4	**19.3**	**93.5**	**95.0**

(1) Included within creditors.

Notes to Consolidated Financial Statements continued

	Note	Contribution to Operating Profit/(Loss) After Tax June 2000 $m	June 1999 $m	Book Value June 2000 $m	June 1999 $m
30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS					
A. SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS					
Australia & Pacific					
(a) Darling Park Joint Ventures (1)	10	20.8	5.6	16.3	238.6
(b) 88 Phillip Street, Sydney (155 Macquarie Street) (2)	10	12.8	8.0	174.3	108.9
(c) Fox Studios Joint Venture (3)	11	(81.5)	1.4	25.0	133.4
(d) Olympic Village/Newington (4)	10	12.0	1.1	184.9	194.5
(e) Jacksons Landing (Pyrmont) (5)	9,10	24.1	0.5	68.5	74.0
North America					
(f) King of Prussia Associates (6)	12	10.7	9.9	204.1	182.8
(g) Yarmouth Capital Partners Limited Partnership II (6)	12	2.3		67.3	63.4
Europe					
(h) Bluewater (7)	10	127.8	175.9	783.6	1,129.3
(i) Overgate, Dundee (8)	10	(7.1)		134.8	178.1
(j) Touchwood, Solihull (9)	9			73.6	29.5

(1) The movement in book value relates to the sale in June 2000 of Stages I and II.
(2) The movement in book value mainly relates to development expenditure incurred on 88 Phillip Street during the year.
(3) The movement in book value mainly relates to the provision raised against the investment.
(4) The movement in book value relates to completed units sold during the year.
(5) The movement in book value mainly relates to the repayment of a loan to the joint venture.
(6) The movement in book value is mainly due to currency fluctuations.
(7) The movement in book value mainly represents the sales during the year (refer Note 30(h)) and currency fluctuations.
(8) The movement in book value is a combination of development expenditure incurred during the period, sale to the Overgate Partnership, sale of land component and currency fluctuations.
(9) The movement in book value mainly relates to development expenditure during the year.

Australia & Pacific

(a) Darling Park Joint Ventures

During the year Lend Lease held a 30% (1999 30%) interest in Darling Park Stages I & II Joint Venture and a 60% interest in Darling Park Stage III Joint Venture. Darling Park Trust held a 50% interest in Stages I & II, with the balance of the interest in the joint ventures held by Nomura Darling Park One Pty Limited (Nomura) and Toyo Real Estate Darling Park One Pty Limited (Toyo). The principal activity of each joint venture was property development at Darling Harbour, Sydney known as Darling Park.

Stages I and II consisted of approximately 110,000 square metres of lettable space in two office towers and mixed retail and leisure uses on Sydney's waterfront. Stage I is completed and fully leased. Construction of Stage II was completed in November 1999. The waterfront retail and leisure component opened in October 1998 (100% leased on opening). The majority of the office tower component (approximately 52,000 square metres of total space) is leased to Nestlé and PricewaterhouseCoopers. These parties have options to increase their tenancies in aggregate to 100% of the building.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

A. SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Australia & Pacific continued

(a) Darling Park Joint Ventures continued

Lend Lease sold its 30% interest in Darling Park Stages I and II Joint Venture in June 2000 to General Property Trust (GPT) and AMP Limited. The sale proceeds were $251.7 million which realised a profit after tax of $6.0 million. The proceeds consisted of $125.9 million cash from AMP Limited and $125.9 million in GPT units to be delivered in accordance with the following:

Delivery Date	No. of Units m	Unit Price $	Value $m
15 June 2000	18.1	2.43	44.0
1 January 2001	27.6	2.43	67.1
1 January 2002	6.1	2.43	14.8
	51.8	**2.43**	**125.9**

The GPT units have been forward sold to a Dutch Pension Fund at an agreed price of $2.43 per unit on the same dates that Lend Lease receives the units from GPT. The proceeds from the forward sale have been discounted to reflect the substance of the transaction. The profit after tax from the sale was $2.5 million.

The discount applied to the sale of $3.6 million will reverse as interest revenue in future periods upon receipt of the forward sale proceeds.

Stage III is currently vacant land that may be developed at a later date depending upon market conditions.

At 30 June 2000, Lend Lease's interest in the assets and liabilities of the Darling Park joint venture is as follows:

	Stage III June 2000 $m	Stages I, II & III June 1999 $m
Current assets		
Cash	0.1	0.1
Receivables		0.1
Total current assets	**0.1**	**0.2**
Non current assets		
Inventories - Property held for resale at cost	26.6	238.6
Provision for diminution	(10.3)	
Total assets	**16.4**	**238.8**
Current liabilities		
Creditors	1.5	88.5
Total liabilities	**1.5**	**88.5**
Net assets	**14.9**	**150.3**
Property held for resale comprises:		
Cost of acquisition	14.7	48.3
Development expenses	0.4	27.3
Construction expenses	10.8	155.9
Rates, taxes and interest capitalised	0.7	7.1
	26.6	**238.6**

During the year Lend Lease undertook project and construction management work for the Darling Park Joint Venture to a contractual value of $26.0 million (1999 $138.0 million). This work was carried out on an arm's length commercial basis which was independently certified as fair and reasonable.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

A. SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Australia & Pacific continued

(b) 88 Phillip Street/155 Macquarie Street, Sydney (Aurora Place)
88 Phillip Street is the development of 49,000 square metres of office space over 41 floors and 62 luxury residential apartments over 17 floors on a premium grade Sydney Central Business District site. Lend Lease has a 25% interest in the development of the residential component with Mirvac (25%) and the East Asia Property Group (50%) and a 50% interest in the commercial office tower development with the East Asia Property Group (50%).

At 30 June 2000 100% of the residential units have been pre-sold. Lend Lease recognised $4.8 million profit after tax in relation to the residential units in June 2000.

At 30 June 2000 78% of the commercial tower was leased including the leases with Minter Ellison (28%) and ABN Amro (33%). Negotiations are currently progressing for a sale within 12 months.

(c) Fox Studios Joint Venture
The 50/50 joint venture with Fox Film Entertainment Australia Limited, a subsidiary of The News Corporation Limited, was formed to develop the former Sydney Showgrounds into a working movie studio with a retail, entertainment and leisure precinct (including a studio tour, cinema and public space). The working studios were officially opened in May 1998 and the retail, entertainment and leisure precinct in November 1999. Bent Street (retail and entertainment precinct) has established itself as one of Sydney's most popular destinations for dining, fashion retail and entertainment, with average weekly visitation of 100,000 people. The professional film studios' (working studio) production capacity is fully booked out for the next 2 years and the associated film and TV office campus is fully leased, with a backlog of leasing prospects.

The Backlot (leisure precinct) has traded significantly below budget since opening in November 1999. Lend Lease's share of operating losses up to 30 June 2000 was $11.7 million after tax. In addition a provision of $67.7 million after tax was raised against the investment in Fox Studios.

	A$m
Total cost of project	430.6
Joint venture debt	(150.0)
Net investment by joint venture partners	**280.6**
Lend Lease share at 50%	140.3
Less: Equity accounted share of operating losses	(18.5)
Net investment	**121.8**
Provision for diminution raised (before tax)	(96.8)
Carrying value at 30 June 2000 (1)	**25.0**

(1) Includes receivable of $1.5 million

During the year Lend Lease provided development management services and project management and construction services to the joint venture to a value of $106.0 million (1999 $142.0 million). This work was carried out on an arm's length commercial basis which was independently certified as fair and reasonable.

(d) Olympic Village/Newington
Lend Lease holds an interest in the Mirvac Lend Lease Village Consortium, an unincorporated partnership with Mirvac. The consortium is developing a new suburb at Homebush Bay in Sydney (Newington), intended to be one of the world's largest solar powered neighbourhoods. The development includes the Olympic Village which will house approximately 15,000 athletes participating in the 2000 Olympic Games. After the games, the athletes' village is planned to be incorporated into the new suburb. The development is divided into four precincts, with each precinct being subject to different equity interests. In aggregate Lend Lease is the majority partner with approximately 60% interest.

Precinct/Stage	Nature of Development	Lend Lease Interest
Precinct/Stage 1	Residential (Post Games)	50%
Precinct/Stage 2	Olympic Village/Residential	67%
Precinct/Stage 3	Residential (Pre Games)	50%
Precinct/Stage 4/5	Commercial/Retail	100%

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

A. SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Australia & Pacific continued

(d) Olympic Village/Newington continued

At 30 June 2000 Lend Lease's investment in Olympic Village/Newington amounted to $184.9 million (June 1999 $194.5 million). Marketing for the development commenced in September 1998. The following table summarises the sales made to 10 July 2000 on the project.

Stage	No. of dwellings launched (1)	No. sold at 30 June 2000	Percentage sold
1	39	13	33%
2	435	263	60%
3	244	237	97%
Total	**718**	**513**	**71%**

(1) Refers to the number of dwellings available to the public for purchase

The Olympic Village (Stage 2) was handed over to SOCOG on 16 June 2000. SOCOG are responsible for the fitout of the athletes' accommodation and subsequent removal of the fitout post the 2000 Sydney Olympic Games. Full marketing of the Stage 2 dwellings will commence following the Games. The unconditional performance guarantee of $450.0 million provided by Lend Lease to the Sydney Olympics Authority in relation to the provision of accommodation for the Games in September 2000 has been reduced to $50.0 million following the June 2000 hand over of the accommodation.

Over the 9 year life of the project commencing in 1998, Lend Lease is expected to incur total costs in the order of $550.0 million. However, due to progressive sales of the development, Lend Lease's exposure at any point of time will be less than the total project cost.

(e) Jacksons Landing (Pyrmont)

Jacksons Landing involves the redevelopment of a 12 hectare site on the Pyrmont peninsula on Sydney Harbour into an integrated residential community. The project is a joint venture and Lend Lease has a 50% interest in the project, with Kerry Properties and Singapore Government Investment Corporation each having a 25% interest.

The project will consist of approximately 1,500 residential apartments and will be a phased development over a period of approximately 8 to 10 years, with Lend Lease's total costs expected to be in the order of $453.0 million. However, due to the progressive sales of the development, Lend Lease's exposure at any point of time will be less than the total project cost. The project has released 393 units to the market of which 273 were sold at 30 June 2000.

North America

(f) King of Prussia Associates

Lend Lease holds a 50% interest in King of Prussia Associates which owns and operates the King of Prussia shopping complex in Pennsylvania in the United States. Lend Lease's interest is recorded at an amount equivalent to Lend Lease's partnership contributions and share of accumulated partnership surpluses less Lend Lease's share of partnership distributions.

	USDm	A$m
Initial cost of acquiring 50% interest in partnership	109.2	182.0
Share of accumulated partnership surpluses	36.0	60.0
Share of partnership distributions	(25.1)	(41.9)
Share of capital expenditure since acquisition	2.4	4.6
Investment at 30 June 2000	**122.5**	**204.1**

(g) Yarmouth Capital Partners Limited Partnership II (YCPII)

Lend Lease is the general partner of YCPII, a limited partnership established in the United States whose principal business is real estate investment. Lend Lease has a 22.2% interest in YCPII which is carried at an amount equivalent to Lend Lease's partnership contributions and share of accumulated partnership surpluses less Lend Lease's share of partnership distributions. Lend Lease provided transactional and advisory services to YCPII, receiving fees of $3.5 million (1999 $3.4 million) during the year. During the year, Lend Lease did not invest any additional amounts (1999 $2.9 million).

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

A. SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Europe

(h) Bluewater

Bluewater is a major out of town retail and leisure destination located in north-west Kent in the United Kingdom. The development has been completed and opened on schedule on 16 March 1999. Bluewater includes 153,000 square metres of retail and leisure space, with three principal anchor stores; John Lewis, Marks & Spencer and House of Fraser; and a cinema complex which opened in June 1999. Lend Lease is the manager of Bluewater. Since opening, Bluewater's trading performance has been in line with forecast. The centre was 100% let at 30 June 2000.

There has been no change to the financing structure or major alteration to total development costs since 30 June 1999.

The table below summarises the disposal of interests in Bluewater and sets out the timing of the profit emergence from these disposals.

Purchaser	Interest	Comments	Year of cash receipt and profit recognition
Prudential	15%	Initial sale in March 1999	Part 1997/98; part 1998/99
Prudential	Cinema	Sale of leasehold interest in Cinema	1998/99
Lend Lease Retail Partnership	25%	18 June 1999; GBP280.0 million	1998/99
Prudential	10%	1st tranche of 20% sale – July 1999	1999/2000
Hermes	10%	July 1999; GBP112.0 million	1999/2000
Prudential	10%	2nd tranche of 20% sale – July 2000	2000/01
Balance held by Lend Lease	30%	Held under the terms of the head lease	Dependent upon disposal timing

The profit after tax excluding interest and loan repayment penalties for the year ended 30 June 2000 amounted to GBP39.2 million (A$100.0 million) in relation to the sale of a 10% interest to Hermes and a 10% interest to Prudential.

Valuation

The whole Centre has been valued by Paul Wolfenden FRICS, a Director of DTZ Debenham Tie Leung Limited, Chartered Surveyors and International Property Advisors, London, at GBP1,234.5 million (A$3,165.4 million) (June 1999 GBP1,135.0 million). The valuation was carried out in accordance with UK valuation standards as set out in the RICS Appraisal & Valuation Manual, having regard to rental and capital values and market circumstances as at 30 June 2000. The valuation report was dated 18 July 2000.

Lend Lease's ultimate profitability from Bluewater will depend upon the value obtained for the 30% retained by Lend Lease, which is dependent upon a number of factors including:

- the timing and means of disposition
- profit share payable to Blue Circle Industries plc.
- state of UK retail market at time of disposition
- investor demand for retail property assets like Bluewater
- trading performance of the Centre

(i) Overgate, Dundee

Overgate is a 420,000 sq.ft. shopping centre in Dundee, the fourth largest city in Scotland. Since opening on schedule in March 2000, Overgate has become the leading shopping centre for the Tayside region in Scotland and has continued to trade successfully.

The Centre is anchored by a Debenhams department store and at 30 June 2000 approximately 90% of the total area was let.

The Lend Lease Overgate Partnership (LLOP) was established in June 1999, with Lend Lease as both limited partner and general partner. LLOP owns the long leasehold and freehold interest in the Centre and entered into a development agreement with Lend Lease to complete and lease the Centre. In June 2000, an approximate 70% interest was sold to investors for GBP95.0 million (A$243.6 million). The sale, including the final amount payable, is subject to achieving minimum leasing targets on the remaining space. Lend Lease raised a provision of GBP4.0 million (A$10.3 million) before tax against the development at 30 June 2000.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

A. SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Europe continued

(j) **Touchwood, Solihull (Touchwood)**

Touchwood (the Centre) is being developed as a regional shopping centre with approximately 640,000 sq. ft. of retail and leisure space in Solihull, situated in the West Midlands area of the UK. The Centre will be anchored by the John Lewis Partnership with a 250,000 sq. ft department store and is scheduled to open in September 2001. As at 30 June 2000 approximately 68% of the total area was leased. Enabling works commenced in January 1999, and the main construction works commenced in April 1999. The total development cost (excluding finance costs) is expected to be approximately GBP171.0 million (A$438.5 million).

The Lend Lease Retail Partnership acquired part of the land and the development rights for Touchwood from Lend Lease in June 1999 at cost for GBP17.5 million (A$44.9 million). Lend Lease remains responsible for the design, construction and leasing of the Centre for which it will be paid a development fee on the opening of the Centre (expected to be in September 2001). The amount of the development fee is calculated by reference to the level of rentals achieved and an agreed cap rate of 6.25%. As such Lend Lease is subject to leasing and delivery risk only.

The Centre has been valued by Paul Wolfenden FRICS, a Director of DTZ Debenham Tie Leung Limited, Chartered Surveyors and International Property Advisors, London, at GBP212.0 million (A$543.6 million). The valuation was carried out in accordance with UK valuation standards as set out in the RICS Appraisal & Valuation Manual, having regard to rental and capital values and market circumstances as at 30 June 2000 and on the assumption that the Centre was fully let and income producing. The valuation uses a cap rate of 6.0%. The valuation report was dated 18 July 2000.

Lend Lease is also responsible for financing the development costs up to the point of receipt of the development fee. A construction finance facility of GBP250.0 million (A$641.0 million) with a group of banks led by Barclays Bank Plc was established in June 1999 under which Lend Lease may drawdown up to 80% of the finance required. The balance of funds required will be provided by Lend Lease. Under the terms of the facility, Lend Lease has assigned its rights to the development fee to the banks as security over the facility. Drawdowns under the facility will be defeased against the development fee receivable.

Notes to Consolidated Financial Statements continued

	Recorded In Note	Contributions to Operating Profit/(Loss) After Tax June 2000 $m	June 1999 $m	Book Value June 2000 $m	June 1999 $m
30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS CONTINUED					
B. OTHER BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS					
Australia & Pacific					
(k) IBM Global Services Australia Limited	12	7.4	11.8	42.8	40.5
(l) Infrastructure Partnerships	11	6.4	5.2	20.0	8.3
(m) Australian Prime Property Fund	12	1.2	0.6	48.0	47.8
(n) Infrastructure Investment Corporation Limited	12			2.1	2.1
(o) Advantra Pty Limited	12	13.2			6.4
(p) Kiwi Property Group	11	1.2	1.1	15.6	16.3
(q) Morrison & Co Group Limited	11	(0.2)		7.9	8.0
North America					
(r) Chastain Capital Corporation	12		(7.8)	0.3	14.8
(s) Vestar Long Beach	11	9.0			20.7
(t) Vestar Glendale	11			21.8	18.5
(u) coolsavings.com Inc	12	0.1		47.0	30.7
(v) Value Enhancement Fund III	12	4.2		26.7	14.8
(w) Yarmouth Capital Partners Limited Partnership I	12	9.8		1.2	1.8
(x) Lend Lease Rosen Real Estate Securities, LLC	11	1.7	1.7	7.7	7.7
(y) Sitel Corporation, Inc	12	20.1			16.8
(z) Mortgage Loans	12			171.6	
(aa) Tax Credit Properties	12			49.0	
Asia					
(bb) Admiralty Industrial Park	10	(0.5)	(7.1)	12.3	15.9
(cc) Asia Pacific Investment Company	12	4.2	(2.0)	82.2	46.1
(dd) Lend Lease Asia Water Trust	12			9.3	8.3
(ee) Tuas View Development	11		(7.1)		
(ff) Cempaka Partnership	12			1.0	1.0
(gg) Thai Market Project	12			1.0	1.0
(hh) Bovis Thames Shanghai Limited	12			18.0	
Europe					
(ii) Fareham Shopping Centre Partnership	12	6.7	1.4		18.7
(jj) Whitecliff Properties	11	2.3		23.3	25.8
(kk) Wisniowy Office Park, Warsaw, Poland					
(ll) Lend Lease Global Property Fund	12			16.2	10.5
(mm) Lend Lease Porto Retail (Arrabida)	11	0.1		2.0	37.5
(nn) Lend Lease Retail Partnership	12	0.5		39.1	37.7
(oo) Chelverton Properties Limited	11	14.3	3.5	20.7	12.1
(pp) Chapelfield, Norwich, England	10			27.3	13.6
(qq) Tres Aguas (Paseo Commercial Carlos III)	11	(0.2)		17.7	

Australia & Pacific

(k) IBM Global Services Australia Limited (IBMGSA)

On 25 July 1997 Lend Lease, IBM Australia Limited (IBM) and Telstra Corporation Limited (Telstra) formed an information technology and telecommunications alliance. The respective shareholdings of the partners in IBMGSA are Lend Lease 23%, IBM 51% and Telstra 26%.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

B. OTHER MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Australia & Pacific continued

(k) IBM Global Services Australia Limited (IBMGSA) continued

The principal activities of IBMGSA are the provision of information technology services to private and public sectors in Australia and New Zealand, with the exception of network services which are provided by Advantra Pty Limited.

Lend Lease provided equity funding of $2.3 million to IBMGSA during the year which increased the investment to $42.8 million. Lend Lease also advanced an unsecured loan of $34.5 million to IBMGSA during the year, which is due to be repaid in August 2000. During the year Lend Lease received royalty payments of $11.6 million (1999 $7.6 million royalty payments plus $6.0 million in dividends) in respect of its investment.

(l) Infrastructure Partnerships

Prospect Water Partnership

The partnership was established to design, build, own and operate a water filtration plant at Prospect NSW. On 30 June 2000, Lend Lease sold 53.2% of its equal one third share to an existing partner Suez Lyonnaise Des Eaux for a profit after tax of $6.0 million. Lend Lease now holds a 15.6% interest in the partnership.

Bulwer Island Energy Partnership

Lend Lease entered into a partnership to construct a co-generation plant at the BP Oil Refinery in Brisbane, Queensland in 1999. Lend Lease has a one third interest in the partnership and made additional contributions totalling $15.5 million during the year.

Lend Lease's interest in the Infrastructure Partnerships is included in the balance sheet under Interests in Trusts and Partnerships (Note 11) at an amount equivalent to Lend Lease's partnership contributions at cost, and Lend Lease's share of accumulated partnership surpluses less returns of equity. The balances at 30 June 2000 set out below represent Lend Lease's interests in the Partnerships.

	June 2000 $m	June 1999 $m
Assets		
Property, plant and equipment	48.7	72.9
Other assets	2.6	5.0
	51.3	**77.9**
Liabilities		
Borrowings – non current	29.8	65.3
Other liabilities	1.5	4.3
	31.3	**69.6**
Lend Lease's interest in the Partnerships (Note 11)	**20.0**	**8.3**

(m) Australian Prime Property Fund (APPF)

The investment in APPF mainly relates to a one sixth interest in Greensborough Plaza Shopping Centre in Victoria.

(n) Infrastructure Investment Corporation Limited (IICL)

Lend Lease has a 12% interest in IICL, which was established in 1995 to provide institutional investors with access to infrastructure investments. IICL's sole investment is in the Port of Geelong Trust. IICL is managed by GELLCO Infrastructure Services Pty Limited.

(o) Advantra Pty Limited

Lend Lease sold its interest in Advantra to Telstra during the year for $27.0 million which realised a profit after tax of $13.2 million.

(p) Kiwi Property Group

Lend Lease holds a 50% interest in the manager of the Kiwi Income Property Trust and the Kiwi Development Trust as well as an associated development management company and property management company. The Kiwi Property Group manages commercial office, retail and industrial property assets in New Zealand. Lend Lease has the option to increase ownership of the companies to 100% after April 2001.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

B. OTHER MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Australia & Pacific continued

(q) Morrison & Co Group
In 1999, Lend Lease acquired a 25% interest in the Morrison Group of companies, which is the manager of the two listed Infratil Funds in New Zealand. Lend Lease also has options to increase its interest up to 100% over the next four years.

North America

(r) Chastain Capital Corporation (Chastain)
Chastain was a public Real Estate Investment Trust (REIT) that invested in commercial and multi-family mortgage and real estate related assets. The turmoil in the US debt markets in the second half of 1998 adversely affected the share price and some of the assets of Chastain. As a result Lend Lease raised a provision of $12.1 million against its investment in the June 1999 financial year.

Chastain subsequently liquidated its assets, which was completed in August 2000.

An initial liquidation distribution of USD7.45 per unit was made to unit holders in December 1999. Lend Lease received USD9.0 million. The final liquidation distribution is expected to be received in the last quarter of 2000.

(s) Vestar Long Beach
During the year Lend Lease sold its interest in this joint venture for USD25.9 million (A$41.5 million), realising a profit after tax of USD5.6 million (A$9.0 million).

(t) Vestar Glendale
Lend Lease has a 55% non controlling interest in an incorporated joint venture to develop a “big box” retail outlet centre at Glendale in California, USA (the Centre), with Vestar. The interest is non controlling as the operating agreements between the partners means that effective control is shared equally and therefore Lend Lease has not consolidated the financial statements of the joint venture. Vestar is responsible for the design and construction of the project, with Lend Lease providing input into leasing and responsibility for the majority of the financing. Construction commenced in September 1998 with completion and opening expected in September 2000. At 30 June 2000 Lend Lease had invested USD13.1 million in the joint venture. The Centre was 100% leased at 30 June 2000. The Centre is currently being marketed for sale. Lend Lease provided transactional and advisory services to Vestar Glendale, receiving fees of USD0.5 million during the year (1999 USD0.2 million).

(u) coolsavings.com, Inc (coolsavings)
During the year Lend Lease invested an additional USD8.5 million in coolsavings.com, Inc, maintaining a 27.8% investment. Incorporated in the USA with a balance date of 31 December, coolsavings is a rapidly growing provider of internet services in the US, mainly focused on retailers’ advertising needs via savings coupons sourced via the internet. coolsavings.com listed on 19 May 2000, at a price of USD7.00 per share. The share price at 30 June 2000 was USD6.00 per share.

(v) Value Enhancement Fund III (VEFIII)
VEFIII is a USD395.0 million (equity only) real estate investment fund set up in June 1998 to invest in mortgage investment and other real estate related assets. Lend Lease has acquired a 3.3% interest in VEFIII. At 30 June 2000 Lend Lease had invested USD15.0 million (1999 USD9.6 million). Lend Lease provided asset management and transactional services to VEFIII during the year and received fees of $7.7 million (1999 $7.2 million). At 30 June 2000 the fund had invested USD495.3 million (using both the equity and some debt).

(w) Yarmouth Capital Partners Limited Partnership I (YCPI)
Lend Lease is the general partner of YCPI, a limited partnership established in the United States with a balance date of 31 December, whose principal business is investment in real estate. Lend Lease's 1.7% interest in YCPI is carried at an amount equivalent to Lend Lease's partnership contributions and share of accumulated partnership surpluses less Lend Lease’s share of partnership distributions. Lend Lease provided transactional and advisory services to YCPI, receiving fees of $16.7 million (1999 $15.3 million) during the year.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

B. OTHER MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

North America continued

(x) Lend Lease Rosen Real Estate Securities, LLC (Lend Lease Rosen)
Lend Lease acquired a 50% interest in Lend Lease Rosen as part of the ERE purchase in June 1997. Lend Lease Rosen provides management and advisory services, specialising in real estate investment trusts.

(y) Sitel Corporation, Inc (Sitel)
During the year Lend Lease sold its interest in Sitel for USD29.3 million (A$48.4 million), realising a profit after tax of A$20.1 million.

(z) Mortgage Loans
Lend Lease Mortgage Capital (LLMC) is licensed to originate loans for Fannie Mae and Freddie Mac, which are government-backed mortgage capital investors.

LLMC has agreements with Fannie Mae and Freddie Mac to source appropriate mortgage loans. LLMC initially acquires the mortgages prior to selling them to Fannie Mae and Freddie Mac. During this process LLMC will carry an investment in the mortgage loans for an average period of 35-40 days. At 30 June 2000 Lend Lease had a $171.6 million investment in these mortgage loans.

The initial acquisition of the mortgages is funded by a debt facility (refer Note 18), which is secured against the acquired mortgages.

LLMC earns a mortgage servicing fee on the mortgage loans on sold to Fannie Mae and Freddie Mac. In addition, the short-term holding of the mortgage loans earns interest income which is in excess of the interest expense on the debt facility.

(aa) Tax Credit Properties
The Housing and Community Investing (HCI) business was acquired with the acquisition of Boston Financial. The HCI business acquires a portfolio of properties that qualify for US tax credits, before on-selling them to multi-family investment funds.

At 30 June 2000 Lend Lease had a $49.0 million investment in these tax credit properties.

ASIA

(bb) Admiralty Industrial Park (AIP)
AIP is an industrial development on 8 hectares of land in north Singapore, which consists of strata, semi-detached and terrace factories.

The prices paid in tenders for industrial land parcels in Singapore in the last quarter of 1998 indicated a significant reduction in values of industrial land. This affected the value of the balance of the land held by Lend Lease in the AIP project and as such a provision of $7.1 million was raised to cover the fall in value of the undeveloped land within AIP in the June 1999 financial year. Since this initial decline, prices have stabilised. The provision at 30 June 2000 was $7.9 million.

As part of a strategic plan to sell the remaining land area of 11,547 square metres, development of 135 seven storey stack-up factory units has commenced. 87 units had been sold at 30 June 2000.

(cc) Asia Pacific Investment Company (APIC)
Lend Lease holds an 18% (June 1999 26%) interest in APIC which was established as an investment fund to enable institutional investors to invest in Asian property opportunities. Lend Lease is a sponsor investor of APIC and acts as investment advisor to the fund. During the year, Lend Lease subscribed for additional shares in APIC to a value of USD15.0 million (A$23.6 million). Lend Lease's investment in APIC at 30 June 2000 of $83.4 million (excluding provision of $1.2 million) is its maximum commitment. APIC had invested $0.9 billion at 30 June 2000.

(dd) Lend Lease Asia Water Trust
Lend Lease owns and manages the Lend Lease Asia Water Trust. The Trust's sole investment is a 16.5% interest in Lyonnaise Asia Water Limited, a company incorporated in Jersey whose purpose is to invest in water related projects in Asia.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

B. OTHER MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Asia continued

(ee) Tuas View Development

Lend Lease has a 35% interest in Tuas View Development Pte. Ltd. The principal activity of the joint venture company is the development of terrace factory units on 13 hectares of land in Tuas, West Singapore. Lend Lease's joint venture partner, Arcasia Land (65%) is affiliated with the Government of Singapore.

Phases 1 and 2 of the development were sold at 30 June 2000 and Phase 3, comprising 13 two storey terrace units have been launched with 8 units sold at 30 June 2000. The current focus of the joint venture is to sell the remaining land parcels (11,521 square metres).

(ff) Cempaka Partnership

Lend Lease has a 50% interest in a partnership with PT Duta Pertiwi (part of the Sinar Mas group) for the development of land at Cempaka in Jakarta, Indonesia. The project originally proposed was an 8 stage, 11 hectare small retail and shophouse development. The development has been curtailed due to the economic conditions in Indonesia. The directors have assessed Lend Lease's interest as having a value of approximately $1.0 million and therefore the carrying value of $1.0 million has been maintained at 30 June 2000.

(gg) Thai Market Project

The Thai Market Project was originally a three stage industrial, commercial and residential development in Bangkok, Thailand. Stage I is a joint venture with Modern Homes Development Public Company Limited, a company incorporated in Thailand, to establish a wholesale agricultural distribution facility. Stages II and III are now not proceeding because of the economic conditions in Thailand.

Lend Lease originally had a 10% interest in stage I for a total of $15.7 million. Lend Lease's investment in Stages II and III were through loans to Billion Buildings Limited and MLD Limited of $1.6 million and $5.6 million respectively. With Stages II and III not proceeding, the loans have been exchanged for additional shares in Stage I, resulting in a total interest of 17% held by Lend Lease.

The directors have assessed Lend Lease's investment as having a value of $1.0 million and have therefore maintained a provision of $11.3 million to reflect a $1.0 million carrying value at 30 June 2000. Lend Lease has no further commitment to invest in the Thai Market project.

(hh) Bovis Thames Shanghai Limited (Bovis Thames)

The investment in Bovis Thames relates to a 35 year BOT infrastructure project in China for the construction of the Da Chang Water Treatment Plant. The investment was acquired with Bovis.

Europe

(ii) Fareham Shopping Centre Partnership

Lend Lease sold its interest in the Fareham Shopping Centre Partnership in December 1999 for GBP11.0 million (A$27.2 million) realising a profit after tax of GBP2.3 million (A$5.2 million).

(jj) Whitecliff Properties

Whitecliff Properties is a 50/50 partnership between Lend Lease and Blue Circle Industries Plc (BCI). The partnership was established for the development of surplus land owned by BCI, located in England. The focus of the partnership since its inception in January 1997 has been to generate development proposals for land surrounding the Bluewater development. The projects to date have been the Ebbsfleet railway station to be built on the high speed train line between London and the Channel Tunnel, Crossways Business Park and the Stone Castle residential development.

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

B. OTHER MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Europe continued

(kk) Wisniowy Office Park, Warsaw, Poland

Lend Lease owns a 50% interest in Chelverton Properties International NV ("Chelverton International"), a joint venture with Leighton Holdings Limited (a trustee company registered in Jersey which also owns 50% of Chelverton Properties Limited). Chelverton International develops business parks and retail/leisure centres in Central and Southern Europe, with its primary development being the Wisniowy Office Park in Warsaw, Poland ("Wisniowy"). Phase I of Wisniowy is completed with the first building sold to an institutional investor, and the second building to a major European bank. Chelverton International is currently negotiating the sale of the third and fourth buildings. The first building of Phase II of the Wisniowy project is under construction and further development will only commence based on leasing pre-commitments and/or sale of buildings. Lend Lease has provided guarantees on bank facilities up to USD29.0 million on this project. Lend Lease earned USD6.6 million (A$11.0 million) (1999 USD4.6 million (A$7.3 million)) of guarantee fees during the year.

(ll) Lend Lease Global Property Fund (Global Property Fund)

The Global Property Fund is a Luxembourg based investment fund that will invest in real estate assets. The fund has approximately USD750.0 million to invest (combination of debt and USD350.0 million equity commitments). Lend Lease has committed USD50.0 million as a co-investment in the fund. At 30 June 2000 Lend Lease had invested USD9.4 million (A$16.2 million). At 30 June 2000 the Global Property Fund had invested USD160.0 million.

(mm) Lend Lease Porto Retail (Arrabida)

Lend Lease Porto Retail is the joint venture company holding the investment in the Arrabida shopping centre in Porto, Portugal. On 30 June 1999, Lend Lease and the Lend Lease Global Property Fund (Lend Lease Global Properties, SICAF) each acquired a 50% interest in Arrabida. The interest is held in a joint venture with Global Properties and will be equity accounted. Lend Lease's 50% interest in the joint venture was acquired for $2.0 million. The majority of the acquisition was funded by a debt facility within the joint venture (Lend Lease has provided a guarantee for its 50% share of this debt ($26.0 million)). In addition, there is a Euro55.5 million (A$88.1 million) project facility secured on the property (drawn to A$81.0 million at 30 June 2000).

(nn) Lend Lease Retail Partnership (Retail Partnership)

The Retail Partnership is a Limited Partnership which was launched in February 1999 with GBP395.0 million committed by 10 major investors (mainly UK institutions) and Lend Lease, which committed GBP25.0 million (A$64.1 million) of which GBP15.3 million (A$39.1 million) had been invested at 30 June 2000. In March 1999 the total subscriptions increased to GBP505.0 million (A$1,294.9 million) with commitments received from an additional 9 investors. Lend Lease is the manager of the Retail Partnership which is regulated under the UK Financial Services Act.

The Retail Partnership has acquired a 25% interest in Bluewater for GBP280.0 million (A$717.9 million) based on an independent valuation. The Retail Partnership has also acquired certain land interests in Solihull (in the West Midlands of the United Kingdom), for GBP17.5 million and entered into an agreement to acquire on completion in September 2001 a 100% interest in the Touchwood shopping centre, currently being developed on the land in Solihull, based on a pre-determined pricing formula.

The total advanced by investors in the Retail Partnership at 30 June 2000 was GBP309.7 million (A$794.1 million) including Lend Lease's investment of GBP15.3 million (A$39.1 million in June 2000).

(oo) Chelverton Properties Limited (Chelverton)

Lend Lease has a 50% interest in Chelverton, which is a developer of edge of town retail schemes in the United Kingdom and Southern Europe. The company is incorporated in England and Wales with a balance date of 31 March and Lend Lease's investment comprises ordinary shares. The investment is held at the equity accounted value (cost plus share of profits less dividends received) of GBP8.1 million (A$20.7 million) in June 2000. Lend Lease recorded a profit from its 50% share of Chelverton's earnings of GBP3.2 million (A$8.1 million) in June 2000. Lend Lease also earned guarantee fees of A$5.6 million (1999 A$5.6 million) for the guarantee that it provides for a loan taken out by Chelverton (refer Note 18(c)).

Notes to Consolidated Financial Statements continued

30. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

B. OTHER MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

Europe continued

(pp) **Chapelfield, Norwich, England**

In June 1999, Lend Lease purchased a site in the centre of Norwich, located in East Anglia, England. The total purchase price for the site was GBP16.0 million (A$41.0 million), which involved an initial payment of GBP5.5 million (A$14.1 million) and the balance conditional on the receipt of planning approval. The carrying value includes development costs capitalised to date. It is proposed to develop a retail shopping centre on the town centre site. Planning approval is anticipated to be obtained by December 2000, with construction expected to commence in late 2001.

(qq) **Tres Aguas (Paseo Commercial Carlos III)**

Tres Aguas is a joint venture to develop a regional retail centre in Madrid, Spain which was established in September 1999.

Current status of project is that the construction licence has been obtained and the excavation works currently underway are expected to be completed in August 2000. The main construction works are expected to commence in October 2000 subject to minimum leasing targets and pre-funding, with an expected opening date of September 2002.

31. ASSOCIATES

	Balance Date	Share of Associates' Profit/(Loss) After Tax (1) June 2000 $m	Share of Associates' Profit/(Loss) After Tax (1) June 1999 $m	Interest June 2000 %	Interest June 1999 %	Book Value June 2000 $m	Book Value June 1999 $m
PROPERTY DEVELOPMENT							
Chelverton Properties Limited	31 Mar	8.1	3.5	50%	50%	20.7	12.1
THI Plc	31 Dec		(2.2)	25%	25%		
Tuas View Development Pte Ltd	31 Dec		(3.2)	35%	35%		
Tres Aguas (Paseo Commercial Carlos III)	31 Dec	(0.2)		50%		17.7	
REAL ESTATE INVESTMENTS							
Vestar Glendale	31 Dec			55%	55%	21.8	18.6
Vestar Long Beach	31 Dec				55%		20.8
Lend Lease Hyperion Capital Advisors, LLC	31 Dec	2.0	0.9	50%	50%	3.2	1.1
Lend Lease Rosen Real Estate Securities, LLC	31 Dec	1.7	1.7	50%	50%	7.7	7.8
Kiwi Property Group	31 Mar	1.2	1.1			15.6	16.3
- Kiwi Income Properties Ltd				50%	50%		
- KDT Development Ltd				50%	50%		
- KDT Management Ltd				50%	50%		
- Kiwi Property Management Ltd				50%	50%		
Morrison & Co Group Limited	31 Mar	(0.2)		25%	25%	7.9	8.0
Lend Lease Porto Retail (Arrabida)	31 Dec	0.1		50%	50%	2.0	37.5
CAPITAL INFRASTRUCTURE							
Catalyst Healthcare (Calderdale) Plc	30 Jun			50%		0.2	
Catalyst Healthcare (Worcester) Holdings Limited	30 Jun			50%			
Other Associates (2)		0.4	(0.2)			3.2	
		13.1	1.6			**100.0**	**122.2**

(1) Reflects the contribution to profit after tax from ordinary activities of equity accounted profits and losses only. Does not include any provision raised against the investment in the associates or other income such as guarantee fees, etc.

(2) Other Associates include Australian Water Services Pty Ltd, GELLCO Infrastructure Services Pty Ltd, Pacific Development Services Ltd, and Jacobs Lend Lease Singapore Pte. The size and impact on the results for the year of the other investments in associates as listed, are not significant separately or in aggregate and therefore no further disclosures have been made.

Notes to Consolidated Financial Statements continued

31. ASSOCIATES continued

	June 2000 $m	June 1999 $m
RESULTS OF ASSOCIATES		
Share of associates' ordinary profit before income tax	15.2	4.3
Share of associates' income tax expense attributable to ordinary profit	(1.0)	(1.6)
Share of associates' net profit – as disclosed by associates	**14.2**	**2.7**
Adjustment arising from equity accounting		
Amortisation of goodwill and management agreements	(1.1)	(1.1)
Share of associates' net profit – equity accounted	**13.1**	**1.6**
SHARE OF POST ACQUISITION RETAINED PROFITS AND RESERVES ATTRIBUTABLE TO ASSOCIATES		
Retained Profits		
Share of associates' retained profits at the beginning of the financial year	(8.1)	(5.3)
Share of net profit of associates	13.1	1.6
Dividends from associates	(4.3)	(4.4)
Share of associates' retained profits at end of financial period	**0.7**	**(8.1)**
Movements in Carrying Amounts of Investments		
Carrying amount of investments in associates at the beginning of the financial year	122.2	89.5
Adjustment on the initial adoption of equity accounting		(5.3)
	122.2	**84.2**
Investment in associates acquired during the year	22.9	48.2
Share of associates' net profit	13.1	1.6
Dividends received from associates	(4.3)	(4.4)
Other adjustments (1)	(18.4)	(7.4)
Reduction in carrying value due to restructure of Lend Lease Porto Retail (Arrabida)	(35.5)	-
Carrying amount of investments in associates at end of financial year	**100.0**	**122.2**
COMMITMENTS		
Share of associates' capital expenditure and lease commitments contracted but not provided for and payable:		
Due within 1 year	4.9	2.4
Due between 1 and 5 years	0.8	11.9
	5.7	**14.3**
CONTINGENT LIABILITIES		
Share of associates' contingent liabilities		**0.1**
SUMMARY OF FINANCIAL POSITION OF ASSOCIATES		
Current assets	477.2	142.8
Non current assets	228.0	137.9
Total assets	**705.2**	**280.7**
Current liabilities	192.6	55.5
Non current liabilities	443.9	133.9
Total liabilities	**636.5**	**189.4**
Net assets – as reported by associates	68.7	91.3
Adjustments arising from equity accounting:		
Goodwill (net of amortisation)	8.2	6.2
Management agreements (net of amortisation)	23.1	24.7
Net assets – equity adjusted	**100.0**	**122.2**

(1) Includes exchange rate movement.

Notes to Consolidated Financial Statements continued

32. JOINT VENTURES

JOINT VENTURE ENTITIES

	Principal Activities	Balance Date	Share of Profit/(Loss) After Tax June 2000 $m	Interest June 2000 %	Book Value June 2000 $m
Bulwer Island Energy Partnership	Capital Infrastructure	30 Jun		33%	17.0
Prospect Water Partnership	Capital Infrastructure	31 Dec	0.4	15%	3.0
Whitecliff Properties Joint Venture	Property Development	31 Dec		50%	23.3
Fox Studios Australia Partnership	Property Development	30 Jun	(11.7)	50%	23.5
Pyrmont Trust (1)	Property Development	30 Jun	12.9	50%	13.4
MLLVC Partnership – Precinct 3 (1)	Property Development	30 Jun	2.1	50%	11.4
			3.7		**91.6**

	June 2000 $m
Lend Lease's share of the assets and liabilities of joint venture entities consists of:	
Current assets	136.7
Non current assets	327.1
Total assets	**463.8**
Current liabilities	338.8
Non current liabilities	33.4
Total liabilities	**372.2**
Share of net assets – equity adjusted	**91.6**
Lend Lease's share of the result of joint venture entities consists of:	
Revenue	146.0
Expenses	(140.2)
Profit before tax	**5.8**
Movements in carrying amount of joint venture entities:	
Carrying amount at the beginning of year	95.6
Contributions to the joint venture entities	112.8
Share of joint venture entities' profit	(3.7)
Drawings from the joint venture entities	(2.5)
Other adjustments to carrying value	(13.8)
Provision for diminution	(96.8)
Carrying amount at end of year	**91.6**

Refer to Notes 26 and 27 for details of contingent liabilities and commitments.

(1) Disclosed in inventories. Refer Note 10.

Notes to Consolidated Financial Statements continued

32. JOINT VENTURES continued

	Principal Activities	Share of Profit/(Loss) After Tax June 2000 $m	Interest June 2000 %	Book Value June 2000 $m
JOINT VENTURE OPERATIONS				
Darling Park Stage III Joint Venture	Property Development	9.8	60%	14.8
469 St Kilda Road Joint Venture	Property Development		25%	
Mawson Lakes Joint Venture	Property Development	0.9	25%	4.2
155 Macquarie St Residential Joint Venture	Property Development	4.9	25%	164.0
88 Phillip St Commercial Joint Venture	Property Development		50%	25.0
Mango Hill Development Joint Venture	Property Development	0.1	50%	13.4
Cempaka Partnership	Property Development		50%	1.0
Manukau Wastewater Services (NZ)	Capital Infrastructure		20%	1.6
		15.7		**224.0**

	June 2000 $m
Included in the assets and liabilities within these consolidated financial statements are the following items which represent Lend Lease's interest in the assets and liabilities employed in joint venture operations:	
Cash	8.3
Receivables	72.9
Inventories – Properties held for resale	173.0
Total assets	**254.2**
Provision for diminution – Darling Park Stage III	10.3
Accounts payable and borrowings	19.9
Total liabilities	**30.2**
Net assets	**224.0**

33. DIRECTORS' AND EXECUTIVES' COMPENSATION

DIRECTORS' COMPENSATION

The number of Directors of Lend Lease Corporation whose total income from the Company and related entities including fringe benefits tax, falls within the following bands. Directors' compensation includes current year performance bonuses accrued under the Global Reward Scheme (refer below).

	Company			Company	
$000's	June 2000 Number	June 1999 Number	$000's	June 2000 Number	June 1999 Number
80 - 89	1		460 - 469		1
140 - 149	1		600 - 610	1	
210 - 219		1	710 - 719		1
240 - 249	1		770 - 779	1	
270 - 279	1		1,040 - 1,049		1
300 - 309		1	1,120 - 1,129		1
310 - 319	1		1,260 - 1,269		1
330 - 339		1	1,550 - 1,559		1
340 - 349		1	1,920 - 1,929	1	
380 - 389		2	2,680 - 2,689	1	
390 - 399	1		2,720 - 2,729		1
410 - 419	2		3,080 - 3,089	1	
420 - 429	1		3,430 - 3,439	1	
450 - 459		1	4,810 - 4,819	1	
			Total	**16**	**14**

Notes to Consolidated Financial Statements continued

	Consolidated		Company	
	June 2000 $000's	June 1999 $000's	June 2000 $000's	June 1999 $000's
33. DIRECTORS' AND EXECUTIVES' COMPENSATION continued				
DIRECTORS' COMPENSATION continued				
Total income inclusive of retirement benefits, notional value of superannuation contributions to executive directors (if in an Australian fund), market value of matured units in the Global Reward Scheme and fringe benefit tax paid or payable to Directors of Lend Lease Group (except for executive Directors of wholly owned entities) from Lend Lease Corporation and related entities	20,016	11,324	20,016	11,324
Included above are Directors' fees paid or payable by Lend Lease Corporation to non executive Directors of Lend Lease Corporation	939	815	939	815
Included above are consulting fees paid or payable by Lend Lease Corporation to non executive Directors of Lend Lease Corporation	1,615	1,497	1,615	1,497

The Directors' compensation for the year ended 30 June 2000 is significantly higher than the previous year 1999, largely due to benefits paid on the retirement of four Directors during the relevant period.

EXECUTIVES' COMPENSATION

For the purpose of this disclosure, executive officers are those individuals who are involved in the strategic direction and management of the Lend Lease Group. The disclosure also includes non-Australian based executives. The number of executive officers whose total income from Lend Lease and related entities fall within the following bands:

	Consolidated		Consolidated		Company	
$000's	Australian Based Executives June 2000 Number	Non Aust Based Executives June 2000 Number	Australian Based Executives June 1999 Number	Non Aust Based Executives June 1999 Number	June 2000 Number	June 1999 Number
150 – 159	1	1				
160 – 169				1		
170 – 179				1		
190 – 199			1			
200 – 209			1			
210 – 219		1				
220 – 229	1			1		
230 – 239				1		
240 – 249		1	1			
260 – 269	2		1			
270 – 279			1			1
290 – 299			1			
310 – 319	1					
330 – 339	1		1			
350 – 359			2			
370 – 379			2			
380 – 389	1		2	1		
390 – 399	1					
400 – 409	2				1	
420 – 429	2	1	2			
430 – 439	1	1				
440 – 449		1				
450 – 459		1			1	
460 – 469			1			1

Notes to Consolidated Financial Statements continued

33. DIRECTORS' AND EXECUTIVES' COMPENSATION continued

EXECUTIVES' COMPENSATION continued

	Consolidated		Consolidated		Company	
$000's	Australian Based Executives June 2000 Number	Non Aust Based Executives June 2000 Number	Australian Based Executives June 1999 Number	Non Aust Based Executives June 1999 Number	June 2000 Number	June 1999 Number
470 – 479	1	2	1		1	
480 – 489	1	2	1	1		
490 – 499	2				1	
500 – 509	3		2	2		
510 – 519	1		2		1	1
520 – 529	2	1	1			
530 – 539	1					
540 – 549		1	1			
550 – 559		1				
560 – 569		1				
580 – 589		1				
600 – 609			1			
620 – 629			1			
630 – 639	1					
640 – 649	2	1		1		
660 – 669	2		1		1	1
670 – 679				1		
680 – 689			1			
690 – 699	1		1			
700 – 709	1				1	
730 – 739				1		
740 – 749		1		1		
750 – 759		1				
780 – 789				1		
810 – 819			1			
820 – 829			1			1
850 – 859	1					
860 – 869				1		
900 – 909			1			
910 – 919	1	1				
930 – 939				1		
940 – 949		1				
950 – 959			1			
980 – 989	1					
990 – 999				1		
1,000 – 1,009	1		1		1	
1,020 – 1,029				1		
1,040 – 1,049			1			1
1,050 – 1,059[1]		1				
1,060 – 1,069	1				1	
1,070 – 1,079		1	1	1		1
1,110 – 1,119[1]		1				
1,120 – 1,129			1			1
1,150 – 1,159				1		
1,160 – 1,169			1	1		
1,260 – 1,269			1			1

Notes to Consolidated Financial Statements continued

33. DIRECTORS' AND EXECUTIVES' COMPENSATION continued

EXECUTIVES' COMPENSATION continued

	Consolidated		Consolidated		Company	
	Australian Based Executives	Non Aust Based Executives	Australian Based Executives	Non Aust Based Executives		
$000's	June 2000 Number	June 2000 Number	June 1999 Number	June 1999 Number	June 2000 Number	June 1999 Number
1,390 – 1,399		1				
1,490 – 1,499			1			1
1,540 – 1,549		2				
1,550 – 1,559			1			1
1,560 – 1,569		1		1		
1,580 – 1,589		1				
1,590 – 1,599				1		
1,600 – 1,609		1				
1,630 – 1,639		1				
1,710 – 1,719		1				
1,820 – 1,829				1		
1,920 – 1,929	1				1	
2,130 – 2,139		1				
2,260 – 2,269		1				
2,280 – 2,289		1				
2,680 – 2,689		1			1	
2,530 – 2,539		1				
2,720 – 2,729				1		
3,080 – 3,089	1				1	
3,430 – 3,439	1				1	
3,750 – 3,759		1				
4,520 – 4,529 (1)				1		
4,810 – 4,819		1			1	
5,750 – 5,759 (1)		1				
Total	**39**	**40**	**41**	**25**	**14**	**11**
	$000's	$000's	$000's	$000's	$000's	$000's
Total Compensation(2)	**27,924**	**53,164**	**25,934**	**25,701**	**21,726**	**10,316**

(1) Amounts include retirement benefits.
(2) Total Income includes fringe benefits tax, notional value of superannuation contributions (if in Australian Fund), market value of matured shares in employee share plans and retirement benefits paid or payable to these executives from Lend Lease and related parties.

Notes to Consolidated Financial Statements continued

34. LIFE INSURANCE AND MANAGED FUNDS

(a) LIFE INSURANCE

All dealings between Lend Lease and the Statutory Funds of MLC and MLC Lifetime in so far as transactions impacted policyholders, were determined at cost or at an arm's length commercial basis. A code of conduct, established between Lend Lease and MLC, specified:

- the Statutory Funds of MLC and MLC Lifetime will not provide loans to Lend Lease or associated entities; and
- all dealings must be approved by the Boards of MLC, MLC Lifetime and Lend Lease.

(b) MANAGED FUNDS

All transactions between managed property trusts, MLC unlisted trusts and Lend Lease are determined at an arm's length commercial basis and are subject to independent assessment where appropriate and approval by an independent trustee, in the case of General Property Trust and Darling Park Trust, and an independent trustee or Board, for the unlisted trusts and Australian Prime Property Fund.

Property Trusts

Lend Lease is the fund manager for several Property Trusts. As fund manager, Lend Lease is responsible for all management activities arising from the Trust's ownership of properties. The manager is also responsible for implementing policies, monitoring the performance of each property, ensuring the return is maximised for the Trusts and for managing the liquid funds of the Trusts. For these services, Lend Lease is paid a fee in accordance with respective trust deeds.

The major Property Trusts managed by Lend Lease are:

	June 2000 $m	June 1999 $m
Gross assets:		
General Property Trust	5,210.9	4,574.2
Australian Prime Property Fund	1,075.3	1,042.2
Darling Park Trust		386.8
Lend Lease US Office Trust	743.5	

MLC Unlisted Trusts

Lend Lease managed a number of unlisted trusts as listed in Note 15. Lend Lease received a manager's fee which varies from fund to fund and in accordance with each Trust Deed.

	Life Insurance		Managed Funds	
	June 2000 $m	June 1999 $m	June 2000 $m	June 1999 $m
Services provided by Lend Lease				
Investment management [1]	35.2	42.1		
Asset management [2]	13.3	19.7		12.0
Property development [3]		6.6		126.8
Administrative services	194.4	188.0		
Product distribution services	57.1	58.8		
Management of trusts			84.5	79.0
Expense reimbursements to Lend Lease				
Administrative and brokerage expenses			10.9	16.1
Expense reimbursements by Lend Lease				
Property rentals and rental guarantees		0.2		11.8

Services provided by Lend Lease comprise:

(1) **Investment management** includes strategic investment advice, total asset management and investment portfolio management.
(2) **Asset management** comprises property management services, property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, marketing and risk management services.
(3) **Property development** includes property capital works, design and construction services, development and refurbishment.

Notes to Consolidated Financial Statements continued

35. OTHER RELATED PARTY INFORMATION

DIRECTORS

The names of each person holding the position of Director of Lend Lease Corporation during the financial year are:

S G Hornery, AO, Chairman
D H Higgins, Managing Director
A Aiello
E D Cameron
Y H Chua, BBM
D C Clarke (retired May 2000)
J K Conway
G G Edington (appointed December 1999)
P C Goldmark (appointed December 1999)
D J Grady
R A Longes
R G Mueller, CBE
D N Sanders, AO, CB (retired October 1999)
R E Tsenin
W A H Webster (retired October 1999)
P J Willcox (retired May 2000)

OWNERSHIP INTERESTS IN RELATED PARTIES AND TRANSACTIONS WITH CONTROLLED ENTITIES

Interests held in controlled entities and associated companies, joint ventures, partnerships and trusts, are set out in Notes 30, 31 and 32 to the financial statements.

Lend Lease Corporation provides a wide range of corporate services to its controlled entities which include: administrative, advertising, accounting, employee services such as the administration of salaries and superannuation, finance, insurances, legal, public relations, company secretarial and treasury. Costs incurred in providing such services are recovered accordingly from the entities concerned.

LOANS MADE TO DIRECTORS OF THE LEND LEASE GROUP

These loans relate to the private affairs of the individuals concerned and are disclosed to ensure compliance with Accounting Standard AASB1017 Related Party Disclosures and the Australian Stock Exchange Listing Rules.

LOAN SCHEMES

At balance date there were 10 loans (1999 16) made by Lend Lease Corporation, ranging from $17,125 to $222,000 (1999 $2,350 to $222,000) totalling $882,447 (1999 $1,288,721).

These loans are provided at rates of interest ranging from 0% to 3%. Interest revenue for the year totalled $40,300.

Loans made to the following Director during the year amounted to $121,100 (1999 $Nil).

DLM Ong

Loans repaid by the following Directors during the year amounted to $515,550 (1999 $160,145)

MA Cameron, LS Ng, DLM Ong, PW Crewes, D Hutton, D Clarke, L Mayne, P Scott, and D Ross.

Included in loan repayments are amounts totalling $145,000 (1999 $95,000) which were forgiven as part of executive compensation and are included in the Directors' and Executives' Compensation (Note 33).

SHAREHOLDINGS OF DIRECTORS OF LEND LEASE CORPORATION

At balance date, the aggregate number of issued shares held directly, indirectly or beneficially by Directors and/or Director related entities amount to 606,385 shares (1999 473,657 shares). During the year 58,476 (1999 45,420) shares were acquired (1999 83,300) and 100 shares were sold (1999 336,737).

OTHER DIRECTOR TRANSACTIONS

Transactions entered into during the year with Directors and Director-related entities of Lend Lease within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available on similar transactions to other employees, customers or suppliers include: salaries and benefits from full time employment; dividends and distributions from shareholdings in Lend Lease Corporation; personal investments with MLC unlisted trusts and managed property trusts; insurance policies with MLC Limited and MLC Lifetime; and building services supplied by entities in the property services operations.

Professional fees of $301,559 (1999 $300,000) were also paid in the ordinary course of business to Wentworth Associates Pty Limited of which Mr R A Longes is a Director and Member.

Notes to Consolidated Financial Statements continued

36. STATUTORY FUNDS DISCLOSURES

(a) COMPONENTS OF OPERATING PROFIT

	Operating Profit Before Tax June 2000 $m	Income Tax Expense June 2000 $m	Operating Profit After Tax June 2000 $m
Statutory Funds	362.8	166.4	196.4
Shareholders' Funds	49.5	15.0	34.5
Other Lend Lease Businesses	343.9	134.6	209.3
Operating profit after tax	**756.2**	**316.0**	**440.2**
Minority interest			(8.0)
Operating profit after tax attributable to Lend Lease Corporation Limited			**432.2**

Analysis of operating profit after tax relating to the Statutory Funds and the Shareholders' Funds are as follows:

	Investment Linked June 2000 $m	Non-Investment Linked June 2000 $m	Statutory Funds June 2000 $m	Shareholders' Funds June 2000 $m	Total June 2000 $m
Emergence of shareholders' planned profits	83.0	78.5	161.5		161.5
Experience profit/(loss)	(18.0)	3.7	(14.3)		(14.3)
Investment earnings (1)	37.0	12.2	49.2		49.2
Revaluation gains on Shareholders' Fund controlled entities				55.7	55.7
Other operating costs				(21.2)	(21.2)
Operating profit after tax	**102.0**	**94.4**	**196.4**	**34.5**	**230.9**

(1) Represents investment earnings on the assets backing the Shareholder Capital and Retained Earnings within the various Statutory Funds.

Notes to Consolidated Financial Statements continued

36. STATUTORY FUNDS DISCLOSURES continued

(b) SEGMENT INFORMATION

Abbreviated Statements of Financial Performance for the Year Ended 30 June 2000

	MLC STATUTORY FUNDS					MLC LIFETIME STATUTORY FUND		
	FUND 1	FUND 2	FUND 3	FUND 4				
STATUTORY FUNDS	Non Investment Linked Business $m	Investment Linked Business $m	Investment Linked Business $m	Investment Linked Business $m	TOTAL MLC FUNDS $m	Non Investment Linked Business $m	ELIMINATIONS $m	TOTAL STATUTORY FUNDS $m
STATEMENTS OF FINANCIAL PERFORMANCE								
Revenue								
Premium and Related Revenue								
Total premiums received or receivable[1]	275.6	2,725.3	53.1	395.1	3,449.1	105.1	(17.3)	3,536.9
Less: Policyholder investment contributions		(2,682.3)	(47.7)	(382.1)	(3,112.1)	(12.2)		(3,124.3)
Fee revenue in premiums [1]	**275.6**	**43.0**	**5.4**	**13.0**	**337.0**	**92.9**	**(17.3)**	**412.6**
Inwards reinsurance premiums						95.3	(95.3)	
Reinsurance claim recoveries [2]	76.5				76.5	56.8	(76.5)	56.8
Total premium and related revenue	**352.1**	**43.0**	**5.4**	**13.0**	**413.5**	**245.0**	**(189.1)**	**469.4**
Investment Revenue								
Equity securities		2,059.6	81.0	162.3	2,302.9	327.9		2,630.8
Debt securities	58.2	252.6	12.5	34.1	357.4	108.4		465.8
Property	0.7	10.6	0.5		11.8	3.4		15.2
Total investment revenue	**58.9**	**2,322.8**	**94.0**	**196.4**	**2,672.1**	**439.7**		**3,111.8**
Other revenue	**0.8**				**0.8**	**3.6**		**4.4**
Total revenue	**411.8**	**2,365.8**	**99.4**	**209.4**	**3,086.4**	**688.3**	**(189.1)**	**3,585.6**
Expenses								
Claims Expenses								
Total claims paid or payable [3]	191.6	2,916.7	134.8	158.2	3,401.3	422.5	(76.5)	3,747.3
Less: Policyholder investment Withdrawals		(2,916.7)	(134.8)	(158.2)	(3,209.7)	(113.1)		(3,322.8)
Total claims expenses	**191.6**				**191.6**	**309.4**	**(76.5)**	**424.5**
Outwards reinsurance [4]	95.2				95.2	55.9	(95.3)	55.8
Policy acquisition - commission	30.2	47.1	2.4	13.2	92.9			92.9
- other	12.6	23.2	0.6	5.3	41.7			41.7
Policy maintenance - commission	20.7	42.2	2.4	6.3	71.6	3.3		74.9
- other	22.0	78.7	5.6	2.1	108.4	22.4		130.8
Investment management fees	4.9	53.1	1.9	3.3	63.2	11.3		74.5
Interest expense	4.5	3.4	0.2	0.4	8.5	9.8		18.3
Change in policy liabilities	7.0	1,952.7	55.3	171.9	2,186.9	139.8	(17.3)	2,309.4
Total expenses	**388.7**	**2,200.4**	**68.4**	**202.5**	**2,860.0**	**551.9**	**(189.1)**	**3,222.8**
Operating profit/(loss) before income tax	**23.1**	**165.4**	**31.0**	**6.9**	**226.4**	**136.4**		**362.8**
Income tax expense/(benefit) attributable to operating profit/(loss)	2.6	82.4	28.2	(9.6)	103.6	62.8		166.4
Operating profit after income tax	**20.5**	**83.0**	**2.8**	**16.5**	**122.8**	**73.6**		**196.4**

(1) Premiums received for investment linked business contain two elements. Firstly amounts which are in the nature of deposits (i.e. policyholder investment contributions) and are recognised as an increase in policy liabilities. Secondly the fee component which is recognised as revenue.
(2) Reinsurance claim recoveries received from reinsurers.
(3) Total claims paid or payable for investment linked business which are in the nature of policyholder investment withdrawals are recognised as reductions in policy liabilities.
(4) Reinsurance premiums paid to reinsurers.

Notes to Consolidated Financial Statements continued

36. STATUTORY FUNDS DISCLOSURES continued

(b) SEGMENT INFORMATION continued

Abbreviated Statements of Financial Performance for the Year Ended 30 June 2000 continued

	MLC SHAREHOLDERS' FUND					
SHAREHOLDERS' FUND	**CEF Life $m**	**Simas $m**	**Other $m**	**Total MLC Shareholders Fund $m**	**MLC LIFETIME Shareholders Fund $m**	**TOTAL Shareholders Funds $m**
STATEMENTS OF FINANCIAL PERFORMANCE						
Premium and Related Revenue	131.8	9.2		141.0		141.0
Investment Revenue						
Equity Securities			56.3	56.3		56.3
Debt Securities	10.2	4.3	3.0	17.5	0.3	17.8
Other	0.5	0.2	71.8	72.5		72.5
Total revenue	**142.5**	**13.7**	**131.1**	**287.3**	**0.3**	**287.6**
Claims expense	28.2	3.1		31.3		31.3
Outwards reinsurance [4]	6.0	0.5		6.5		6.5
Policy acquisition - commission	21.1	0.8		21.9		21.9
- other	12.6	4.6		17.2		17.2
Policy maintenance - commission	21.1	0.8		21.9		21.9
- other	12.6	4.6		17.2		17.2
Investment management fees						
Interest expense			5.4	5.4		5.4
Change in policy liabilities	26.4			26.4		26.4
Other	0.9	(0.1)	85.4	86.2	4.1	90.3
Total expense	**128.9**	**14.3**	**90.8**	**234.0**	**4.1**	**238.1**
Ordinary profit/(loss) before income tax	**13.6**	**(0.6)**	**40.3**	**53.3**	**(3.8)**	**49.5**
Income tax attributable to ordinary activities			16.3	16.3	(1.3)	15.0
Ordinary profit/(loss) after income tax	**13.6**	**(0.6)**	**24.0**	**37.0**	**(2.5)**	**34.5**
Ordinary profit/(loss) after tax attributable to outside equity interest	**6.1**		**0.4**	**6.5**		**6.5**
Ordinary profit/(loss) after tax attributable to Lend Lease Corporation	**7.5**	**(0.6)**	**23.6**	**30.5**	**(2.5)**	**28.0**

(c) SUMMARY OF SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS

Disclosure of Assumptions - Australian Statutory Funds

Investment Linked Business

Policy liabilities for investment linked business were calculated using the "Accumulation Method". The liability was generally the accumulation of amounts invested by policyholders plus investment earnings less fees specified in the policy. Deferred acquisition costs were offset against this liability.

A key assumption used for investment linked business was the period over which the deferred acquisition costs were amortised. This depended on the rate at which investors redeemed their investments which was called the "Discontinuance Rate".

Based on historical trends, an assumed discontinuance rate was used. The discontinuance rates were 8% for deposit business and 3% for annuity business. These assumptions may vary by sub-grouping within a class and by the length of time the business has been in force.

Notes to Consolidated Financial Statements continued

36. STATUTORY FUNDS DISCLOSURES continued

(c) SUMMARY OF SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS continued

Disclosure of Assumptions - Australian Statutory Funds continued

Non-Investment Linked Business

Policy liabilities for Non-Investment Linked business was determined using the "Projection Method" which measured the present values of estimated future policy cash flows. The policy cash flows incorporated investment income, premiums, expenses redemptions and benefit payments.

The key actuarial assumptions used in these projections were as follows:

(a) Discount Rates

These were the rates used to discount future cash flows to determine their net present value. The discount rate was determined by the earnings rate of the assets that supported the policy liability and the tax rate applicable to that Class of Business.

Traditional - ordinary business (after tax)	5.0%
Traditional - superannuation business (after tax)	6.9%
Term life insurance – ordinary business (after tax)	3.5%
Term life insurance – superannuation business (after tax)	4.8%
Disability business (before tax)	5.6%
Annuity business (after tax)	6.9%

(b) Profit Carriers

The expected profit for Non-Investment Linked business was systematically recognised over the estimated time period the policy would remain in force. A profit carrier is the item which triggered the annual recognition of a portion of the total expected profit.

The profit carriers used for the major product groups in order to achieve the systematic release of profit margins were as follows:

Major Product Groups	Profit Carriers
Traditional non participating business	Premiums
Term insurance and disability insurance	Premiums
Annuity business	Annuity payments
Traditional participating business	Bonuses

Policy liabilities for investment account and group risk business have been calculated using the Accumulation Method. The Accumulation Method was the calculation of the policy liability based on the accumulation of premiums and investment earnings less charges specified in the policy. Profit on this business was recognised on a cash flow basis via fees earned less expenses incurred less the amortisation of the policy acquisition costs.

(c) Future Expenses and Indexation

Future maintenance expenses have been assumed to increase by at 2.7% per annum rate of inflation.

Future investment management fees have been assumed to remain at current rates.

Benefits and/or premiums on certain policies are automatically indexed by CPI. The policy liability assumes a future take-up of these indexation options based on the company's recent experience and using a 2.7% inflation rate.

(d) Rates of Taxation

Rates of taxation had been assumed to remain at current levels (refer Note 5(a)).

(e) Mortality and Morbidity

Future mortality and morbidity assumptions were based on Actuarial tables, (as published by the Institute of Actuaries) but with adjustments to claim incidence and termination rates, based on recent experience as follows:

Traditional business	86% of IA 90-92
Term insurance	71% of IA 90-92
Disability income	Rates similar to 107% of incidence and 110% of claim costs of IAD 89-93
Annuity business	57% of IM 80 and IF 80

Notes to Consolidated Financial Statements continued

36. STATUTORY FUNDS DISCLOSURES continued

(c) SUMMARY OF SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS continued

Disclosure of Assumptions - Australian Statutory Funds continued

Non-Investment Linked Business continued

(e) Mortality and Morbidity *continued*

Actuarial Tables Used

IA 90 – 92	A mortality table developed by the Institute of Actuaries of Australia based on Australian insured lives experience from 1990 to 1992.
IM/IF 80	Mortality tables developed by the Institute of Actuaries and the Faculty of Actuaries based on United Kingdom annuitant lives experience from 1979 to 1982. The tables refer to male and female lives respectively and incorporate factors which allow for mortality improvements since the date of the investigation. (There is no standard Australian annuitant mortality table).
IAD 89-93	A disability table developed by the Institute of Actuaries of Australia based on Australian insured lives disability income business experience from 1989 to 1993.

(f) Discontinuances

Future annual rates of discontinuance for the major classes of business assumptions were as follows:

Traditional – ordinary business	10%
Traditional – superannuation business	11%
Term life insurance	12%
Disability income insurance	13%

Assumed rates may vary by sub grouping within a class and vary according to the length of time tranches of business have been in force. The assumptions were based on historical trends.

(g) Surrender Values

Where policies had a benefit on surrender for example, whole of life, they typically included a deduction of any unrecovered policy establishment and maintenance costs. In all cases, the surrender values specified in the contracts exceeded those required by the Life Act.

(h) Crediting Policy and Bonus Philosophy

For participating business, where a policyholder had an entitlement to share in the profits of the Statutory Fund, MLC Lifetime's policy was to set bonus rates such that over long periods, the returns to policyholders were commensurate with the investment returns achieved on relevant assets backing the policies, together with other sources of profit arising from this business. Distributions were split between policyholders and shareholders with the valuation allowing for shareholders to share in distributions at the maximum allowable rate of 20% (15% for certain policies issued before 1980). In applying the policyholders' share of distributions to provide bonuses, consideration was given to equity between generations of policyholders and equity between the various classes and sizes of policies in force. Assumed future bonus rates included in policy liabilities were set such that the present value of policy liabilities equated to the present value of the assets supporting the business together with assumed future investment returns, allowing for the shareholders' right to participate in future distributions.

Assumed future annual bonus rates for the major classes of business were:

Ordinary Business	
• Bonus rate on sum assumed (after tax)	2.6%
• Bonus rate on existing bonuses (after tax)	2.6%
Superannuation Business	
• Bonus rate on sum assumed (after tax)	3.4%
• Bonus rate on existing bonuses (after tax)	3.4%

Notes to Consolidated Financial Statements continued

36. STATUTORY FUNDS DISCLOSURES continued

(c) SUMMARY OF SIGNIFICANT ACTUARIAL METHODS AND ASSUMPTIONS continued

Disclosure of Assumptions - Foreign Controlled Life Insurance Entities

The policy liabilities for Simas and CEF Life were determined by each Company's actuary in accordance with the guidelines and standards mandated by their local authorities.

(d) GLOSSARY OF TERMS RELATING TO STATUTORY FUNDS BUSINESS

Annuity Products

Policies that provide a regular payment to the policyholder for a specified period or until death of the insured. Policies may also provide for payment of a specified amount upon death.

Bonuses

Amounts added, at the discretion of MLC Lifetime, to the benefits currently payable under Participating Business. Under the Life Act, bonuses are a distribution to policyholders of profits and may take a number of forms including reversionary bonuses, interest credits and capital growth bonuses (payable on the termination of the policy). The total amount of policyholders' bonus distributions can be by the addition of new bonuses to in force policies or by payment during the period of capital growth and interim bonuses on claims and surrenders. The amount of policyholders' distributions that have been set aside to allow for the addition of new bonuses to in force policies on or following the reporting date, is shown as unvested policyholder benefits on the balance sheets.

Class of Business

Under the Life Act there may be two classes of business in each Statutory Fund: ordinary business and superannuation business. Superannuation business is maintained for the purpose of a superannuation or retirement scheme. Ordinary business is all other business.

Discontinuances

The voluntary termination of policies through surrender, lapse (surrender value is insufficient to support the debt on the policy) or forfeiture (non payment of premiums when the policy has no surrender value).

Investment Account Policies

Policies where the benefits are calculated by reference to an account balance. Interest is added to the account balance each year as a distribution of profits under the Life Act.

Investment Management Expenses

The costs of managing the investment portfolio including principal investment advice, investment management and custodian expenses.

Maintenance Expenses

The costs of all activities which support the maintenance and servicing of the business currently in force. Maintenance costs include the cost of processing policy renewals, the cost of processing claims and surrender payments, various management costs, renewal commission, the cost of maintaining product and administration systems. Maintenance Expenses include all costs that are not Policy Acquisition Costs or Investment Management Expenses.

Non Participating Business

Policies where the policy benefits are fully specified in the policy document. Profits or losses on this business accrue solely to the shareholders.

Participating Business

Policies where the policy benefits include, in addition to the benefits guaranteed by the policy document, an entitlement to share (with the shareholders) in the profits of the life company. These profits are usually distributed by providing additional benefits under the policies eg by the addition of bonuses or interest credits. The participating policyholders' share of the profits is protected by the Life Act and the Constitution of MLC Lifetime. The participating business includes whole of life, endowment insurance, pure endowment policies and investment account policies.

Planned Profit

The amount of profit that is expected to be generated from the profit margins for a particular reporting period.

Experience Profits (Losses)

The profits (losses) that occur when the actual experience of a business is better (or worse) than that expected in the assumption used in the calculation of policy liabilities or when one-off events occur which were not allowed for in the assumptions.

Notes to Consolidated Financial Statements continued

36. STATUTORY FUNDS DISCLOSURES continued

(d) GLOSSARY OF TERMS RELATING TO STATUTORY FUND BUSIENSS continued

Policy Acquisition Costs (Or New Business Selling Costs)

They include financial planner advisor fees, commission payments, the cost of processing the application, advertising and promotion of products and services, the cost of developing and establishing new products and related activities.

Profit Margin

The expected profit under the policy is the profit margin. It depends upon the premiums charged and the policy benefits provided, the policy experience to date (including the Policy Acquisition Costs incurred) and the assumptions used in the calculation of policy liabilities. Under the requirements of Actuarial Standard AS1.02 Valuation Standard, profit margins are often defined in terms of the value of another income or expense item (the profit carrier). For Participating Business, profit margins include those for both policyholders and shareholders. For Non-Participating Business, all profit margins belong to shareholders.

Traditional Business

Policies such as whole of life insurances, endowment insurances and pure endowments. The sum insured and any bonuses are payable on death or on reaching a certain age (endowment insurances and pure endowments). Premiums are normally paid throughout the policy term. Traditional Business, which is normally Participating Business, is included within Non-Investment Linked business.

Whole of Life and Endowment

Policies where the sum insured and Bonuses are payable on death or on reaching a certain age. Bonuses are added each year as a distribution of profits under the Life Act.

Notes to Consolidated Financial Statements continued

37. CONSOLIDATED ENTITIES	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
PROJECT AND CONSTRUCTION MANAGEMENT					
Australia					
Bovis Lend Lease Pty Limited (formerly Lend Lease Projects Pty Limited)		Aust		100	100
Bovis Australia No. 1 Pty Limited	(2)	Aust		100	
Bovis McLachlan Pty Limited	(2)	Aust		100	
Bovis TPC Pty Limited	(2)	Aust		100	
Lidcombe Relocatable Supplies Pty Limited	(2)(3)	Aust		50	
Lend Lease (Taiwan) Pty Limited		Aust	Tai	100	100
International					
Bovis Lend Lease Pte Limited (formerly Lend Lease Projects Pte Limited)		S'pore	S'pore	100	100
PT Lend Lease Graha Indonesia		Indo	Indo	90	90
PTLL Development Indonesia		Indo	Indo	96	96
Bovis Lend Lease Limited (formerly Bovis Far East Limited)		HK	HK	100	100
Lend Lease Project Management (Thailand) Limited		Thai	Thai	100	100
Lend Lease Project Management Sdn Bhd		Mal	Mal	100	100
Bovis Lend Lease PVT Limited (formerly Lend Lease Design & Construct India PVT Limited)		Ind	Ind	100	100
Lend Lease (Thailand) Limited		Thai	Thai	100	100
Normanno Limited		HK	HK	100	100
Lend Lease Central Europe Sp Zoo		Pol	Pol	100	100
Lend Lease Projects Limited		UK	UK	100	100
Lend Lease FAB Technologies Limited		UK	UK	100	100
Crystal Group BV		Neth	Neth	100	100
Crystal Consulting Engineers BV		Neth	Neth	100	100
Lend Lease Cell FAB Limited		UK	UK	100	100
Crystal Engineering Ltd Co of Shanghai		Chi	Chi	51	51
Crystal FAB Technology (UK) Limited		UK	UK	100	100
Crystal FAB Technology of America, Inc.		USA	USA	100	100
Crystal Engineering Asia Limited		Tai	Tai	100	100
Crystal Engineering Europe GmbH		Germ	Germ	100	100
Lend Lease Actus, LLC	(2)	USA	USA	100	
Bovis Construction Corp of Colarado, Inc.	(2)	US	US	100	
Bovis Lend Lease SA De CV	(2)	Mex	Mex	100	
Bovis International, Inc,Delaware	(2)	USA	USA	100	
Bovis Lend Lease Holdings, Inc.	(2)	USA	USA	100	
Bovis Lend Lease, Inc.	(2)	USA	USA	100	
Bovis Lend Lease Interiors, Inc.	(2)	USA	USA	100	
Bovis Lend Lease LMB, Inc.	(2)	USA	USA	100	
Bovis M-L Holdings Limited	(2)	USA	USA	100	
Bovis Venezuela SA	(2)	USA	USA	100	
L/M Financial Services, Inc.	(2)	USA	USA	100	
Lehrer McGovern Bovis of Pennsylvania, Inc	(2)	USA	USA	100	
M&S Capital, Inc.	(2)	USA	USA	100	
Project Consultants, Inc.	(2)	USA	USA	100	
Tennessee Stadium Group Partnership	(2)	USA	USA	100	
McGovern Lehrer Bovis Holdings, Inc.	(2)	USA	USA	100	
Bovis Florida, Inc	(2)	USA	USA	100	
Ashby & Horner Joinery & Interiors Limited	(2)	UK	UK	100	

Notes to Consolidated Financial Statements continued

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
37. CONSOLIDATED ENTITIES					
PROJECT AND CONSTRUCTION MANAGEMENT continued					
International continued					
Ashby & Horner London Limited	(2)	UK	UK	100	
BLL (Scotland) Limited	(2)	UK	UK	100	
Bovis Construction (North Western) Limited	(2)	UK	UK	100	
Bovis Construction (Southern) Limited	(2)	UK	UK	100	
Bovis Coverspan Limited	(2)	UK	UK	100	
Bovis Crews and Nantwich Renewal Limited	(2)	UK	UK	100	
Bovis Engineering Limited	(2)	UK	UK	100	
Bovis Ireland Limited	(2),(3)	UK	UK	100	
Bovis Lend Lease Holdings Limited	(2)	UK	UK	100	
Bovis Lend Lease Investments Limited (formerly Lend Lease Projects Europe Limited)	(2)	UK	UK	100	
Bovis Lend Lease Limited	(2)	UK	UK	100	
Bovis Lend Lease International Limited	(2)	UK	UK	100	
Bovis Lend Lease Europe	(2)	UK	UK	100	
Bovis LL Overseas Services Limited	(2)	UK	UK	100	
Bovis Oldham Regeneration Limited	(2)	UK	UK	100	
Bovis Urban Renewal Limited	(2)	UK	UK	100	
Construction Engineering Management Limited	(2)	UK	UK	100	
Gilbert Ash (Scotland) Limited	(2),(3)	UK	UK	100	
Gilbert Ash Limited	(2)	UK	UK	100	
John Lelliott Construction Limited	(2)	UK	UK	100	
John Lelliott Group plc	(2)	UK	UK	100	
Vanguard Enterprises Limited	(2),(3)	UK	UK	100	
Yeoman & Partners Limited	(2)	UK	UK	100	
Bovis Lend Lease Overseas Holdings Limited	(2)	UK	UK	100	
Bovis Tanvec Group Limited	(2)	UK	UK	100	
Elstead Properties Limited	(2)	UK	UK	100	
Tanshire Limited	(2)	UK	UK	100	
WT Integrated Systems Limited	(2)	UK	UK	100	
Bovis Tanvec Limited	(2)	UK	UK	100	
Pharmaceutical Engineering and Design Limited	(2)	UK	UK	100	
Haremead Limited	(2)	UK	UK	100	
Tanvec Limited	(2)	UK	UK	100	
Bovis Lend Lease Group Limited	(2)	UK	UK	100	
Bovis Construction (Scotland) Limited	(2),(3)	UK	UK	100	
Bovis Construction Limited	(2),(3)	UK	UK	100	
Bovis Europe Limited	(2),(3)	UK	UK	100	
Bovis Lelliot Limited	(2)	UK	UK	100	
Bovis UK Pension Trustee Limited	(2)	UK	UK	100	
Crowngap Construction Limited	(2)	UK	UK	100	
Crowngap Plant Limited	(2)	UK	UK	100	
Lehrer McGovern Bovis International Limited	(2)	UK	UK	100	
Lehrer McGovern International Limited	(2)	UK	UK	100	
Wyseplant Limited	(2)	UK	UK	100	
Bovis Lend Lease Bau Gmbh	(2)	Germ	Germ	100	
Bovis Lend Lease Gmbh	(2)	Germ	Germ	100	
Haremead GmbH	(2)	Germ	Germ	100	
Bovis Lend Lease Overseas Holding BV	(2)	Neth	Neth	100	

Notes to Consolidated Financial Statements continued

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
37. CONSOLIDATED ENTITIES					
PROJECT AND CONSTRUCTION MANAGEMENT continued					
International continued					
Yeomans SARL	(2)	Luxem	UK	100	
Bovis Lend Lease SP (formerly Bovis Polska SP)	(2)	Pol	Pol	100	
Bovis Lend Lease SA (formerly Bovis France SA)	(2)	Fra	Fra	100	
Bovis Lend Lease AG (formerly Bovis Tilyard AG)	(2)	Switz	Switz	100	
Bovis Construction BV	(2),(3)	Neth	Neth	100	
Bovis Lend Lease a.s.	(2)	Czech	Czech	100	
Bovis Egypt SAE	(2)	Egy	Egy	100	
Lehrer McGovern Bovis SARL	(2)	Fra	Fra	100	
Bovis Lend Lease General Construction Limited Liability Co	(2)	Gre	Gre	100	
Bovis Lend Lease KFT	(2)	Hung	Hung	100	
Bovis Lend Lease BV (formerly Bovis Netherlands BV)	(2)	Neth	Neth	100	
Bovis Lend Lease Portugal Gestao De Projectos E Obras Limitada	(2)	Port	Port	100	
Bovis Lend Lease sro	(2)	Slov	Slov	100	
Bovis Lend Lease (Pty) Limited	(2)	SAF	SAF	100	
Bovis Construction Management (Pty) Limited	(2),(3)	SAF	SAF	100	
Bovis Lend Lease SA (formerly Bovis Construction Europe SA)	(2)	Esp	Esp	100	
Yeomans SA	(2)	Esp	Esp	100	
Bovis Lend Lease Insaat Ve Proje Yonetimi Limited Sirketi (formerly Bovis Insaat Tiscaret Limited)	(2)	Turk	Turk	100	
Bovis Malaysia Sdn Bhd	(2)	Mal	Mal	100	
Bovis Development Consultants	(2)	Thai	Thai	100	
Bovis Lend Lease Project Consulting (Shanghai) Co Limited (formerly Lend Lease Project Consulting (Shanghai) Co Limited)	(2)	Chi	Chi	100	
Bovis (Thailand) Limited	(2)	Thai	Thai	75	
FEBC Pvt Limited	(2)	Ind	Ind	100	
Lehrer McGovern Malaysia Sdn Bhd	(2)	Mal	Mal	100	
WTW Consultant Pte Limited	(2),(3)	S'Pore	S'Pore	100	
Schal Bovis, Inc.	(2)	S'Pore	S'Pore	100	
Bovis Development Corporation Limited	(2)	Thai	Thai	87	
Bovis Lend Lease Projects Pte Limited (formerly Bovis Asia Pacific Pte Limited)	(2)	S'Pore	S'Pore	100	
WTW Bovis Sdn Bhd (formerly WTW Lehrer McGovern Sdn Bhd)	(2)	Mal	Mal	80	
Impro Intelligent Building Services Sdn Bhd	(2)	Mal	Mal	80	
Bovis Lend Lease Japan, Inc.	(2)	Jap	Jap	100	
Bovis Lend Lease SA (formerly Bovis Latino America SA)	(2)	Arg	Arg	100	
PROPERTY DEVELOPMENT					
Australia					
Lend Lease Development Pty Limited		Aust		100	100
Jacksons Landing Realty Pty Limited		Aust		100	100
Lend Lease Darling Park One Pty Limited		Aust		100	100
LLD Precinct 2 Pty Limited		Aust		100	100
LLD Sales (North Lakes) Pty Limited (formerly LLD Sales (Mango Hill) Pty Limited)		Aust		100	100
LLD Marketing (North Lakes) Pty Limited (formerly LLD Marketing (Mango Hill) Pty Limited)		Aust		100	100
LLD Projects (North Lakes) Pty Limited (formerly LLD Projects (Mango Hill) Pty Limited)		Aust		100	100

Notes to Consolidated Financial Statements continued

37. CONSOLIDATED ENTITIES

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
PROPERTY DEVELOPMENT continued					
Australia continued					
Lend Lease Moore Park Pty Limited		Aust		100	100
Lend Lease Moore Park Management Pty Limited		Aust		100	100
Ranec Pty Limited		Aust		100	100
Lyrech Pty Limited		Aust		100	100
Botanica Commercial Trust A		Aust		100	100
Botanica Commercial Trust B		Aust		100	100
Playbill Venue Management Pty Limited		Aust		50	50
Lend Lease Residential Pty Limited		Aust		100	100
Sherwood Hills Pty Limited		Aust		100	100
Lend Lease Estates Pty Limited		Aust		100	100
Lend Lease Shopping Centre Development Pty Limited		Aust		100	100
Swadlincote Pty Limited		Aust		100	100
Polenta Pty Limited		Aust		100	100
Austlend Trust		Aust		100	100
Maribyrnong Development Company Pty Limited		Aust		100	
Maryland Development Company Pty Limited		Aust		100	
Limosa Pty Limited		Aust		100	100
Limosa Unit Trust		Aust		100	100
International					
Lend Lease Organisation Pte Limited		S'pore	S'pore	100	100
Admiralty Industrial Park Pte Limited		S'pore	S'pore	100	100
Lend Lease Investments Pte Limited)		S'pore	S'pore	100	100
PT Lend Lease Development Indonesia		Indo	Indo	100	100
Lend Lease Europe Holdings Limited		UK	UK	100	100
Lend Lease Europe Limited		UK	UK	100	100
Chapelfield GP Limited	(2)	UK	UK	100	
Blueco Limited		UK	UK	100	100
Lend Lease Europe Finance plc	(2)	UK	UK	100	
Fareham Retail Partnership (Market Quay) Limited		UK	UK	100	100
Lend Lease Whiteco Limited		UK	UK	100	100
Lend Lease Dundee Development Limited		UK	UK	100	100
Lend Lease Global Investment plc		UK	UK	100	100
Lend Lease Solihull Limited		UK	UK	100	100
Lend Lease Dundee Investment Limited		UK	UK	100	100
Lend Lease Continental Holdings Limited	(2)	UK	UK	100	
LL Chelv UK Limited		UK	UK	100	100
Lend Lease Fareham Limited		UK	UK	100	100
Lend Lease Clacton Limited		UK	UK	100	100
Lend Lease NH Limited		UK	UK	100	100
Lend Lease Fareham (Market Quay) Limited		UK	UK	100	100
Lend Lease Chelverton Holdings Limited		UK	UK	100	100
Civic Shopping Centres Limited		UK	UK	100	100
Lend Lease (UK) Management Services Limited		UK	UK	100	100
Lend Lease Norwich Limited		UK	UK	100	100
Lend Lease Development (US) Inc		USA	USA	100	100

Notes to Consolidated Financial Statements continued

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
37. CONSOLIDATED ENTITIES					
REAL ESTATE INVESTMENTS					
Australia					
Lend Lease Management (NSW) Pty Limited		Aust		100	100
Lend Lease Real Estate Investment Limited		Aust		100	100
GPT Management Limited		Aust		100	100
Lend Lease Property Management (Australia) Limited		Aust		100	100
Lend Lease CBD Projects Pty Limited		Aust		100	100
Lend Lease Property Management Pty Limited		Aust		100	100
Lend Lease USOT Management Limited (formerly Lend Lease Project Finance Limited)		Aust		100	100
Lend Lease Capital Services Limited		Aust		100	100
Lend Lease Water Services Pty Limited		Aust		100	100
Bricwell Pty Limited	(3)	Aust		100	100
Lend Lease Special Projects Pty Limited		Aust		100	100
Roma Street Operations Pty Limited		Aust		100	100
Growth Equities Mutual Property Management Pty Limited	(3)	Aust		100	100
Growth Equities Services Pty Limited	(3)	Aust		100	100
Growth Equities Services Trust	(3)	Aust		100	100
DPT Operator Pty Limited	(2)	Aust		100	
DPPT Operator Pty Limited	(2)	Aust		100	
ACN 087 687 830 Limited		Aust		100	
International					
Lend Lease Asia Investments Pty Limited		Aust	S'pore	100	100
Lend Lease Real Estate Investment Services Asia Pte Limited		Aust	S'pore/HK	100	100
Lend Lease Asia Holdings Pte Limited		S'pore	S'pore	100	100
Lend Lease Asia Water Pty Limited		Aust	S'pore	100	100
REIS (NZ) Limited (formerly Civil & Civic (NZ) Limited)		NZ	NZ	100	100
REIS Holdings (NZ) Limited		NZ	NZ	100	100
Lend Lease Europe Investments Limited		UK	UK	100	100
Lend Lease US Investments Limited		UK	UK	100	100
Lend Lease Europe Asset Management Limited		UK	UK	100	100
Lend Lease Funds Management Limited		UK	UK	100	100
Lend Lease Europe GP Limited		UK	UK	100	100
Lend Lease Manco Limited		UK	UK	100	100
European Retail Services Limited		UK	UK	100	100
Lend Lease (US), Inc.		USA	USA	100	100
Overgate Feeder GP Limited	(1)	UK	UK	100	
Lend Lease Espana SA		Esp	Esp	100	100
Larry Smith & Durco SA (Spain)	(4)	Esp	Esp	100	100
Larry Smith & Durco SA (Portugal)	(4)	Port	Port	100	100
Larry Smith & Associates SRL	(4)	Ita	Ita	100	100
Larry Smith Consulting SA	(4)	Switz	Switz	100	100
LL Espana 1 BV	(3)	Neth	Neth	100	100
LL Espana 2 BV		Neth	Neth	100	100
LL Espana 3 BV	(3)	Neth	Neth	100	100
LL Espana 4 BV		Neth	Neth	100	100
Lend Lease Retail Investment Espana SL		Esp	Esp	100	100
Lend Lease Shopping Centres SL		Esp	Esp	100	100
Lend Lease Properties Espana SL		Esp	Esp	100	100
Lend Lease Commercial Espana SL		UK	Esp	100	100
Lend Lease Houlihan Rovers SA	(1)	Bel	Bel	80	
Lend Lease Global Real Estate Advisors		Luxem	Luxem	100	100

Notes to Consolidated Financial Statements continued

37. CONSOLIDATED ENTITIES continued

REAL ESTATED INVESTMENTS continued

International continued

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
Lend Lease Latin American Realty Advisors Limited		Berm	Berm	100	100
Overgate GP Limited		UK	UK	100	100
Lend Lease Europe Retail Investments Limited		UK	UK	100	100
Yarmouth Lend Lease Properties, Inc.		USA	USA	100	100
Lend Lease (US) Finance, Inc.		USA	USA	100	100
Yarmouth Lend Lease Acquisitions, Inc.		USA	USA	100	100
Yarmouth Lend Lease King of Prussia, Inc.		USA	USA	100	100
Lend Lease Hotel Holdings, Inc. (formerly YCPII Holdings, Inc.)		USA	USA	100	100
Lend Lease (US) Holdings, Inc.		USA	USA	100	100
Yarmouth Cheyenne Holdings, Inc.		USA	USA	100	100
Lend Lease Investments Holdings, Inc.		USA	USA	100	100
Lend Lease (US) Services, Inc.		USA	USA	100	100
Lend Lease Real Estate Investments, Inc.		USA	USA	100	100
ERE Yarmouth, Inc.		USA	USA	100	100
YCPGP, Inc.		USA	USA	100	100
YCPGPII, Inc.		USA	USA	100	100
Lend Lease Pacific Partners Corp		USA	USA	100	100
Buckhead Strategic Corp		USA	USA	100	100
Buckhead Strategic Corp II		USA	USA	100	100
Buckhead III TMP Corp		USA	USA	100	100
Tricon Corp		USA	USA	100	100
Lend Lease Capital Markets, Inc		USA	USA	100	100
Lend Lease Portfolio Management, Inc.		USA	USA	100	100
ERE Yarmouth Retail		USA	USA	100	100
Lend Lease Agri Business, Inc.		USA	USA	100	100
Lend Lease Capital Partners, Inc.		USA	USA	100	100
Lend Lease Mortgage Investment, Inc.	(2)	USA	USA	100	
Bucephalus GP, Inc.	(2)	USA	USA	100	
CapMark Services LP	(2)	USA	USA	100	
HFF, LP	(2)	USA	USA	100	
HFF - GP Inc.	(2)	USA	USA	100	
Lend Lease Asset Management LP	(2)	USA	USA	100	
Pearl Mortgage Inc.	(2)	USA	USA	100	
BFG - GP Inc.	(2)	USA	USA	100	
Lend Lease Clinton 54 LLO	(2)	USA	USA	100	
Lend Lease Manhattan Housing Corp	(2)	USA	USA	100	
Lend Lease Apartment Management, LLC		USA	USA	100	
LLAM Holding Company	(2)	USA	USA	100	
Cordia Senior Living, LLC		USA	USA	100	
LLREA GP, Inc		USA	USA	100	
Lend Lease Glendale, LLC		USA	USA	100	100
Lend Lease Long Beach, LLC		USA	USA	100	100
Rosen Consulting Group	(2)	USA	USA	100	
Lend Lease (US) International	(2)	USA	USA	100	
Lend Lease BFRP, Inc.	(2)	USA	USA	100	
Lend Lease MSR Corp	(2)	USA	USA	100	
Lend Lease/Rosen Real Estate Securities LLC	(2)	USA	USA	100	
The Boston Financial Group Limited Partnership	(2)	USA	USA	100	
Lend Lease International, Inc.	(2)	USA	USA	100	

Notes to Consolidated Financial Statements continued

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
37. CONSOLIDATED ENTITIES continued					
FINANCIAL SERVICES					
Australia					
MLC Limited – Shareholders' Fund	(5),(6)	Aust			100
Medfin Australia Pty Limited	(6)	Aust			75
Australian Eagle Life Limited – Shareholders' Fund	(5),(6)	Aust			100
MLC Lifetime Company Limited	(5),(6)	Aust			100
Lend Lease Financial Planning Limited	(6)	Aust			100
Lend Lease Advisor Services Limited	(6)	Aust			100
MLC Investments Limited	(6)	Aust			100
Lend Lease Corporate Services Limited	(6)	Aust			100
MLC Management Limited	(6)	Aust			100
MLC Holdings Limited	(6)	Aust			100
Your Prosperity Limited	(6)	Aust			100
FlexiPlan Pty Limited	(6)	Aust			76
MLC Advisor Holdings Pty Limited (in liquidation)	(6)	Aust			100
MLC Computer Pty Limited	(6)	Aust			100
Godfrey Pembroke Financial Services Limited	(2),(6)	Aust			
CFG Nominees Limited	(6)	Aust			
Messenia Pty Limited	(6)	Aust			
MLC Coal Investment Pty Limited	(6)	Aust			
MLC Nominees Pty Limited	(6)	Aust			
MLC Power Pty Limited	(6)	Aust			
MLC Properties Pty Limited	(6)	Aust			
Three Sixty Limited	(1),(6)	Aust			
Canadian Eastern Life Assurance Limited	(2),(6)	HK	HK		
Advance Assurance Co. Limited	(2),(6)	Thai	Thai		
MLC Limited – Statutory Funds	(6)	Aust			
MLC Lifetime – Statutory Funds	(6)	Aust			
Tun Chareon Co. Limited	(2),(6)	Thai	Thai		
International					
PT Simas Lend Lease Life	(6)	Indo	Indo		80
Lend Lease Corporate Services Asia Pte Limited	(6)	S'Pore	S'Pore		100
EQUITY INVESTMENTS					
Lend Lease Securities & Investments Pty Limited		Aust	USA	100	100
Silnama Pty Limited		Aust		100	100
Martensite Pty Limited		Aust		100	100
Lend Lease Custodian Pty Limited		Aust		100	100
Orebro Pty Limited	(1)	Aust		100	
GROUP SERVICES					
Australian					
Lend Lease Management Services Limited		Aust		100	100
Lend Lease Singapore Investments Pty Limited		Aust		100	100
Lend Lease Corporation Limited		Aust			
Lend Lease Finance Limited		Aust		100	100
Serenia Pty Limited		Aust		100	100
Lend Lease International Pty Limited		Aust		100	100
Lend Lease Insurance Limited		Aust		100	100

Notes to Consolidated Financial Statements continued

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year ended 30 June 2000 Interest %	Year ended 30 June 1999 Interest %
37. CONSOLIDATED ENTITIES					
NON OPERATING ENTITIES					
Australia					
City Centre Development Limited		Aust		100	100
Costal Limited		Aust		100	100
Lend Lease New Zealand Pty Limited		Aust		100	100
International					
Germiston Pte Limited		S'Pore	S'Pore	100	100

(1) Incorporated during the year.
(2) Acquired during the year.
(3) Dormant.
(4) Entity not audited by KPMG.
(5) Audited by individuals who are partners of KPMG.
(6) Sold during the year

Where consolidated entities operate in more than one segment, the entity has been recorded under the predominant segment for that entity. Unless stated otherwise, entities are audited by KPMG Australia or by member firms of KPMG International.

Abbreviations:

Arg	Argentina	**Gre**	Greece	**Phil**	Philippines
Aus	Austria	**HK**	Hong Kong	**Pol**	Poland
Aust	Australia	**Hung**	Hungary	**Port**	Portugal
Bel	Belgium	**Ind**	India	**S'Pore**	Singapore
Berm	Bermuda	**Indo**	Indonesia	**SAF**	South Africa
Braz	Brazil	**Ita**	Italy	**Slov**	Slovakia
Cay	Cayman Islands	**Jap**	Japan	**Sth Amer**	South America
Chi	China	**Kor**	Korea	**Switz**	Switzerland
Czech	Czech Republic	**Luxem**	Luxembourg	**Tai**	Taiwan
Egy	Egypt	**Mal**	Malaysia	**Thai**	Thailand
Esp	Spain	**Mex**	Mexico	**Turk**	Turkey
Fra	France	**Neth**	Netherlands	**UK**	United Kingdom
Germ	Germany	**NZ**	New Zealand	**USA**	United States of America

Directors' Declaration

In the opinion of the directors of Lend Lease Corporation Limited:

1. The financial statements and notes set out on pages 50 to 138 are in accordance with the Corporations Law, including:
   (a) giving a true and fair view of the financial position of the consolidated entity, comprising the Company and its controlled entities as at 30 June 2000 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date; and
   (b) complying with Accounting Standards and the Corporations Regulations including the early adoption of Accounting Standards AASB 1018, 1034 and 1040.
2. There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Sydney, 17 August 2000

Signed in accordance with a resolution of directors:

S.G. Hornery, AO
Chairman

D.H. Higgins
Managing Director

Auditors' Report

KPMG

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF LEND LEASE CORPORATION LIMITED

Scope

We have audited the financial report of Lend Lease Corporation Limited for the financial year ended 30 June 2000, consisting of the statements of financial performance, statements of financial position, statements of cash flows, accompanying notes and the directors' declaration set out on pages 50 to 139. The financial report includes the consolidated financial statements of the consolidated entity, comprising the Company and the entities it controlled at the end of the year or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion, whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the financial report of Lend Lease Corporation Limited is in accordance with:

(a) the Corporations Law, including:

   i. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2000 and of their performance for the financial year ended on that date; and

   ii. complying with Accounting Standards and the Corporations Regulation; and

(b) other mandatory professional reporting requirements.

KPMG

KPMG

G M Leppinus
Partner

J H Richardson
Partner

Sydney
17 August 2000

Shareholding Information

Spread of Shareholdings

Details of the spread of shareholdings at 17 August 2000 were as follows:

20 largest shareholders hold (of total issued capital)	64.43%
Holdings were distributed as follows:	
1 to 1,000 shares	37,073
1,001 to 5,000 shares	21,416
5,001 to 10,000 shares	2,703
10,001 to 100,000 shares	1,868
100,001 shares and over	204
Total number of shareholders	**63,264**

933 shareholders (representing 9,128 shares) held less than a marketable parcel.

Total number of ordinary shares issued	512,242,123

Twenty Largest Shareholders at 17 August 2000

Name	Shares	% of Issued Capital
Chase Manhattan Nominees Limited	75,174,991	14.68
LL Employee Holdings Custodian Pty Limited *	69,284,326	13.53
National Nominees Limited	51,014,711	9.96
Westpac Custodian Nominees Limited	25,445,164	4.97
ANZ Nominees Limited	12,357,432	2.41
Citicorp Nominees Pty Limited	10,674,085	2.08
AMP Life Limited	10,515,914	2.05
Commonwealth Custodial Services Limited	9,836,889	1.92
Perpetual Nominees Limited	8,551,473	1.67
Warbont Nominees Pty Limited	7,588,882	1.48
Queensland Investment Corporation	7,574,174	1.48
HSBC Custody Nominees (Australia) Limited	6,270,943	1.22
Permanent Trustee Australia Limited	6,084,573	1.19
AMP Nominees Pty Limited	6,044,286	1.18
MLC Limited	5,994,358	1.17
NRMA Nominees Pty Limited	5,031,970	0.98
Perpetual Trustees Victoria Limited	4,343,761	0.85
The National Mutual Life Association of Australasia Limited	3,125,395	0.61
Westpac Financial Services Limited	2,786,963	0.54
Australian Foundation Investment Company Limited	2,344,708	0.46
		64.43

Substantial Shareholders as shown in the Company's Register of Substantial Shareholders as at 17 August 2000

Name	No. of Shares
LL Employee Holdings Custodian Pty Limited *	65,320,356
Merril Lynch Asset Management, L.P.	23,745,234

* These are Lend Lease employee benefit vehicles

Lend Lease
CORPORATION

ABN 32 000 226 228