

**Lend Lease Corporation Limited**  
**CONSOLIDATED FINANCIAL REPORT**  
**30 JUNE 1999**

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# CONSOLIDATED FINANCIAL STATEMENTS

## PROFIT AND LOSS STATEMENTS

Year ended 30 June 1999

	Notes	Consolidated		Company	
		1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>OPERATING REVENUE</b>	3	4,120.4	3,441.9	285.3	487.1
<b>OPERATING PROFIT</b>	4	516.1	413.2	228.5	228.4
Income tax expense/(benefit) attributable to operating profit	5	95.7	49.3	19.3	(40.6)
<b>OPERATING PROFIT AFTER INCOME TAX attributable to members of Lend Lease Corporation Limited</b>		420.4	363.9	209.2	269.0
Retained profits at beginning of year		892.6	770.4	318.6	291.3
Adjustment resulting from change in accounting policy for investments in associates	1(g),27	(5.3)			
Dividends foregone pursuant to share election plan	24(b)	22.4	27.7	22.4	27.7
<b>Total available for appropriation</b>		<b>1,330.1</b>	<b>1,162.0</b>	<b>550.2</b>	<b>588.0</b>
Dividends paid or proposed	6	302.5	269.4	302.5	269.4
<b>Retained profits at end of year</b>		<b>1,027.6</b>	<b>892.6</b>	<b>247.7</b>	<b>318.6</b>
Dividend payout ratio (%)	6	72.0	74.0		
Dividends per share (cents) <sup>(1)</sup>	6	60.0	53.5	60.0	53.5
Basic earnings per share (cents)	6	83.2	71.6		

(1) The 1998 comparative has been adjusted by a factor of 0.5 in respect of the 1:1 bonus issue in the current year.

*The accompanying notes form part of these financial statements.*

## BALANCE SHEETS

Year ended 30 June 1999

	Notes	Consolidated		Company	
		1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	7	620.7	481.6		228.5
Receivables	8	814.1	816.5	328.3	111.1
Inventories	9	755.7	74.2		
Investments	10	27.4			
Other assets	11	23.3	24.0	0.1	0.1
<b>Total current assets</b>		<b>2,241.2</b>	<b>1,396.3</b>	<b>328.4</b>	<b>339.7</b>
<b>NON CURRENT ASSETS</b>					
Receivables	8	197.0	157.5	1,696.5	1,010.6
Inventories	9	1,212.8	1,280.5		
Investments in financial services institutions	12	2,076.6	1,893.9		
Investments	10	752.0	715.2	2,887.7	2,704.5
Property, plant and equipment	13	78.6	55.7	9.1	8.8
Management agreements	14	404.0	609.1		
Other assets	11	329.0	362.6	53.1	60.5
<b>Total non current assets</b>		<b>5,050.0</b>	<b>5,074.5</b>	<b>4,646.4</b>	<b>3,784.4</b>
<b>Total assets</b>		<b>7,291.2</b>	<b>6,470.8</b>	<b>4,974.8</b>	<b>4,124.1</b>
<b>CURRENT LIABILITIES</b>					
Creditors	15	1,079.9	758.8	371.3	201.7
Borrowings	16	825.6	214.9		
Provisions	17	348.9	319.4	165.5	137.2
Other liabilities	18	197.5	158.5		
<b>Total current liabilities</b>		<b>2,451.9</b>	<b>1,451.6</b>	<b>536.8</b>	<b>338.9</b>
<b>NON CURRENT LIABILITIES</b>					
Creditors	15	-	14.1	1,811.0	1,169.1
Borrowings	16	384.6	1,329.5		
Provisions	17	182.2	165.5	0.7	0.7
Other liabilities	18	803.7	272.7		
<b>Total non current liabilities</b>		<b>1,370.5</b>	<b>1,781.8</b>	<b>1,811.7</b>	<b>1,169.8</b>
<b>Total liabilities</b>		<b>3,822.4</b>	<b>3,233.4</b>	<b>2,348.5</b>	<b>1,508.7</b>
<b>NET ASSETS</b>		<b>3,468.8</b>	<b>3,237.4</b>	<b>2,626.3</b>	<b>2,615.4</b>
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	19	1,262.0	125.8	1,262.0	125.8
Reserves	20	1,162.5	2,219.0	1,116.6	2,171.0
Retained profits		1,027.6	892.6	247.7	318.6
Shareholders' equity attributable to the members of the company		3,452.1	3,237.4	2,626.3	2,615.4
Outside equity interests in controlled entities	21	16.7			
<b>Total shareholders' equity</b>		<b>3,468.8</b>	<b>3,237.4</b>	<b>2,626.3</b>	<b>2,615.4</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS**

Year ended 30 June 1999

	Notes	Consolidated		Company	
		1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts in the course of operations		1,932.1	1,883.9	55.3	109.7
Cash payments in the course of operations		(1,851.9)	(1,947.6)	(61.9)	(137.9)
Property development receipts	24(b)	1,325.2	193.8		
Property development expenditure	24(b)	(1,183.0)	(639.9)		
Interest received		38.8	18.4	19.1	32.7
Dividends received	24(b)	35.8	51.1	179.6	334.6
Distributions from Partnerships	24(b)	15.3	19.1		
Share of profit of statutory funds	24(b)	152.6	182.2		
Income tax paid	5(b)	(90.9)	(14.5)	(4.5)	4.5
Interest paid		(71.2)	(52.2)	(19.5)	(49.1)
<b>Net cash (used in)/provided by operating activities</b>	24(a)	<b>302.8</b>	<b>(305.7)</b>	<b>168.1</b>	<b>294.5</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of investments in financial services institutions	24(b)	43.0	139.5		
Proceeds from sale/redemption of investments	24(b)	152.1	193.2		9.8
Purchases of investments	24(b)	(239.4)	(263.5)	(7.1)	(1.5)
Loan made to associate	24(b)	(21.5)			
Cash collateral on Westpac hedge	12	402.2			
Loan repaid by IBM Global Services Australia			10.5		10.5
Proceeds from sale of controlled entities	24(b)	296.0			
Payment for acquisition of controlled entities	24(c)	(224.9)	(47.6)	(47.8)	(119.3)
Proceeds from sale of property, plant and equipment		1.0	3.6		
Purchases of property, plant and equipment		(15.6)	(15.6)	(2.1)	(0.9)
<b>Net cash (used in)/provided by investing activities</b>		<b>392.9</b>	<b>20.1</b>	<b>(57.0)</b>	<b>(101.4)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings	24(b)	1,633.5	1,438.9		2.0
Repayment of borrowings	24(b)	(1,845.2)	(638.3)		
Net proceeds from share issues		108.3	109.8	108.3	109.8
Payments for share buy backs		(142.6)	(85.5)	(142.6)	(85.5)
Dividends paid		(281.8)	(258.3)	(281.8)	(258.3)
Increase in financing of controlled entities				(23.5)	267.4
<b>Net cash provided by/(used in) financing activities</b>		<b>(527.8)</b>	<b>566.6</b>	<b>(339.6)</b>	<b>35.4</b>
<b>OTHER CASH FLOW ITEMS</b>					
Effect of exchange rate changes on cash and cash equivalents		(19.6)	16.6		
Cash balances in controlled entities acquired/(sold)		(9.2)	18.4		
<b>Net increase/(decrease) from other items</b>		<b>(28.8)</b>	<b>35.0</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>139.1</b>	<b>316.0</b>	<b>(228.5)</b>	<b>228.5</b>
Cash and cash equivalents at beginning of year		481.6	165.6	228.5	
<b>Cash and cash equivalents at end of year</b>	7	<b>620.7</b>	<b>481.6</b>		<b>228.5</b>

The accompanying notes form part of these financial statements

# NOTES TO FINANCIAL STATEMENTS

## 1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

### (a) BASIS OF PREPARATION

The financial statements are general purpose financial statements and have been drawn up in accordance with applicable Accounting Standards and the Corporations Law. They have been prepared under the historical cost convention except for certain non-monetary assets which are reflected at independent valuation. 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. The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those of the previous year except where otherwise noted.

### (b) PRINCIPLES OF CONSOLIDATION

The Lend Lease Group (Lend Lease) consolidation comprises entities controlled by Lend Lease Corporation Limited (Lend Lease Corporation). The assets of the Life Insurance Statutory Funds (Statutory Funds) of MLC Limited and MLC Lifetime Company Limited (MLC Lifetime) (refer Note 12) are not controlled by Lend Lease Corporation and are therefore excluded from consolidation.

### (c) OPERATING REVENUE

Sales revenue represents:

- for property construction, the value of work performed;
- 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 and funds management and capital services, fee entitlement for services rendered; and
- for property owned, rental billings issued.

#### Dividends

Dividends are recognised when declared.

#### Share of profits of Statutory Funds

MLC Limited and MLC Lifetime prepare their financial statements in accordance with reporting regulations of the Life Insurance Act. The majority of business activity is contained within the statutory funds of these entities. On 30 January 1998, the Australian Securities and Investment Commission executed a Class Order which specifies how profit derived by the statutory funds should be consolidated into Group accounts where consolidation is applied. Lend Lease does not consolidate statutory funds into the Group accounts (Note 1(b)) and hence the Class Order has not been applied. Profit derived by the statutory funds is subject to restrictions on distribution under the provisions of the Life Insurance Act and other limitations. For this reason Lend Lease recognises in operating profit only the amount of share of profit of statutory funds which is available for distribution. This accounting policy is consistent with prior years.

#### 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.

### (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; and
- for rental income, when due.

## 1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

### (d) PROFITS continued

#### Change in Basis of Application of Accounting Policy

##### *Property Construction*

During the period the basis of profit recognition for property construction was modified. Previously, Lend Lease recognised profits progressively, at an amount equivalent to general overheads, with the balance of profits recognised at completion. Lend Lease now recognises profits progressively to the extent of general overheads until the outcome of a construction contract can be reliably determined (which does not occur until at least 50% complete) and thereafter recognises profit by reference to the percentage of completion of the contract. This method results in an earlier recognition of the profits when compared to the previous basis.

This change is a result of the introduction of a revised Accounting Standard (AASB 1009 "Construction Contracts") which prescribes the basis of profit recognition for long term construction contracts. The revised standard requires that construction profits be recognised progressively, by reference to the percentage of completion of a contract, once the outcome of the contract can be reliably determined. The new method complies with the revised standard and more closely matches work performed and attributable profit earned. Recognition of contract losses is unchanged in that expected losses are provided for in full as soon as they become apparent.

This change has increased the profit after tax for the year ended 30 June 1999 by \$12.0 million. This increase represents a once-off acceleration in profit recognition.

##### *Property Held for Resale Whilst Under Development*

During the year the basis of profit recognition for residential property development was modified. Previously, Lend Lease recognised profits upon settlement. Lend Lease now recognises profits progressively when both revenue and costs to complete can be reliably determined (which does not occur until at least 50% complete), provided that an unconditional sales contract has been exchanged.

This change has been effected so that the basis of profit recognition for residential developments is consistent with that of non residential developments. The change has increased the profit after tax for the year ended 30 June 1999 by \$3.5 million. This increase represents a once-off acceleration in profit recognition.

### (e) INVESTMENTS IN FINANCIAL SERVICES INSTITUTIONS

These investments are valued regularly and fluctuations in value are recorded in the Asset Revaluation Reserve.

- The Lend Lease investment in Westpac Banking Corporation is carried at Directors' valuation which at balance date is based on cost. Costs incurred in relation to hedging of the value of the investment are expensed as incurred (since 1 July 1998).
- The Lend Lease investments in MLC limited and MLC Lifetime are carried at amounts equivalent to the value of the interest in the current net worth of the Statutory Funds and the entitlement to participate in future profits generated by in force life insurance contracts.

### (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 balance sheet at over \$100.0 million and for assets carried in the balance sheet at over \$20.0 million where the last independent valuation was less than 10% higher than balance sheet value; for other assets carried in the balance sheet between \$20.0 million and \$100.0 million at least bi-annually; and for other assets at least once every three years.

### (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 profit and loss account and consolidated reserves respectively.

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

#### Change in Accounting Policy

The use of the equity method for investments in associates represents a change in accounting policy. In previous years investments in associates were brought to account at cost and dividend income was recognised in the profit and loss account when declared or received

## 1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

### (g) ASSOCIATES continued

#### Change in Accounting Policy

The changed policy has been adopted due to the issue of AASB 1016: Accounting for Investments in Associates.

Consolidated retained profits at the beginning of the financial year were decreased by \$5.3 million to reflect the impact of adopting equity accounting in the consolidated balance sheet for the first time. A corresponding decrease of \$5.3 million was made to the consolidated carrying amount for investments in associates at the beginning of the year. The change in accounting policy led to a share of associates' profit of \$1.6 million decreasing consolidated operating profit after income tax for the year compared with the previous basis.

### (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.

### (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.

#### Change in Accounting Estimate

From 1 July there has been a reassessment of the estimated useful life of management agreements to 50 years which has reduced the current year profit after tax by \$8.6 million. The reassessment has resulted from the issue of Accounting Interpretation A11 Amortisation of Identifiable Intangible Assets in June 1999. Directors' previously assessed the lives of management agreements to be of such duration, and the estimated residual value to be such, that the amortisation charges were not material.

### (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.

## 1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

### (l) GOODWILL continued

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) 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.

### (n) INCOME TAX EXPENSE

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 Balance Sheets 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.

### (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) BANK LOANS

Bank loans are carried on the balance sheet at the sum of the drawn principal and accrued interest, which is accrued at the contracted rate.

### (q) FOREIGN CURRENCY

Lend Lease's international currency management strategy and policy is detailed in Note 25.

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 profit and loss 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 period in which they arise.

Forward foreign exchange contract hedges taken out in respect of the projected future profits of foreign operations (Note 25) 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 period, or held on the balance sheet 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.

### (r) DERIVATIVES

Lend Lease is exposed to changes in interest rates and foreign exchange rates and uses interest rate swaps 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 period, or capitalised within inventories when incurred in relation to property acquired for development and resale (Note 1(i)).

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

### (s) COMPARATIVE FIGURES

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures stated in the current year.

## 2. SEGMENT REPORTING

The segment results are discussed and analysed in the Management Discussion and Analysis of Financial Condition included with the Statutory Report and Financial Statements.

	Operating Revenue		Operating Profit Before Tax		Operating Profit After Tax		Segment Assets	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m	1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>BUSINESS SEGMENT SUMMARY</b>								
Project Management	1,401.9	1,445.2	52.0	48.1	35.0	30.5	378.5	328.7
Property Development	1,061.4	516.5	196.1	(10.9)	127.9	(10.6)	2,797.5	2,023.4
Real Estate Investments	500.0	495.6	80.8	92.4	58.5	65.3	1,259.4	1,243.0
Real Estate Services	320.3	100.8	16.1	14.3	9.9	9.9		246.2
Financial Services	605.7	525.6	219.2	198.3	200.3	183.2	2,323.0	1,965.3
Capital Services	57.8	38.3	10.9	3.6	8.0	2.2	85.4	109.4
IT + T Investments	25.5	7.6	10.2		9.2	2.7	94.1	61.0
Equity Investments	77.3	253.2	51.5	171.3	50.8	133.5	176.3	201.5
Group Services	70.5	59.1	(120.7)	(103.9)	(79.2)	(52.8)	177.0	292.3
<b>Total</b>	<b>4,120.4</b>	<b>3,441.9</b>	<b>516.1</b>	<b>413.2</b>	<b>420.4</b>	<b>363.9</b>	<b>7,291.2</b>	<b>6,470.8</b>
<b>% of Total Group</b>								
Project Management	34.0%	42.0%	10.1%	11.6%	8.3%	8.4%	5.2%	5.1%
Property Development	25.8%	15.0%	38.0%	(2.6%)	30.4%	(2.9%)	38.4%	31.3%
Real Estate Investments	12.1%	14.4%	15.7%	22.4%	13.9%	17.9%	17.3%	19.2%
Real Estate Services	7.8%	2.9%	3.1%	3.5%	2.4%	2.7%		3.8%
Financial Services	14.7%	15.3%	42.5%	48.0%	47.6%	50.3%	31.8%	30.4%
Capital Services	1.4%	1.1%	2.0%	0.9%	1.9%	0.6%	1.2%	1.7%
IT + T Investments	0.6%	0.2%	2.0%		2.2%	0.7%	1.3%	0.9%
Equity Investments	1.9%	7.4%	10.0%	41.5%	12.1%	36.8%	2.4%	3.1%
Group Services	1.7%	1.7%	(23.4%)	(25.3%)	(18.8%)	(14.5%)	2.4%	4.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>BUSINESS GEOGRAPHICAL SEGMENT SUMMARY</b>								
Australia and Pacific	2,273.6	2,147.5	272.7	343.3	250.3	318.0	4,137.3	3,518.9
North America	722.4	484.2	75.4	96.5	57.6	69.6	999.0	1,322.0
Asia	123.3	254.8	(12.9)	(22.8)	(16.7)	(24.2)	251.0	382.0
Europe	960.7	533.9	231.1	45.1	159.7	31.7	1,903.9	1,247.9
Group finance and hedging costs	40.4	21.5	(50.2)	(48.9)	(30.5)	(31.2)		
<b>Total</b>	<b>4,120.4</b>	<b>3,441.9</b>	<b>516.1</b>	<b>413.2</b>	<b>420.4</b>	<b>363.9</b>	<b>7,291.2</b>	<b>6,470.8</b>
<b>% of Total Group</b>								
Australia and Pacific	55.2%	62.4%	52.8%	83.1%	59.5%	87.4%	56.7%	54.4%
North America	17.5%	14.1%	14.6%	23.3%	13.7%	19.1%	13.7%	20.4%
Asia	3.0%	7.4%	(2.5%)	(5.5%)	(4.0%)	(6.7%)	3.4%	5.9%
Europe	23.3%	15.5%	44.8%	10.9%	38.0%	8.7%	26.2%	19.3%
Group finance and hedging costs	1.0%	0.6%	(9.7%)	(11.8%)	(7.2%)	(8.5%)		
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Additional Notes:

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

## 2. SEGMENT REPORTING continued

The principal activities of each industry segment are:

### PROJECT MANAGEMENT

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

### PROPERTY DEVELOPMENT

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

### REAL ESTATE INVESTMENTS

The principal activities of this business segment are management of real estate investment funds, limited partnerships and trusts of 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.

### REAL ESTATE SERVICES

The principal activities of this business segment are property management and facilities management. This business was sold during the year.

### FINANCIAL SERVICES

The principal activities of this business segment are 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.

### CAPITAL SERVICES

The principal activities of this business segment are as developer, owner, operator and fund manager of infrastructure assets.

### IT + T INVESTMENTS

The principal activity of this business segment is related 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 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.

### GROUP SERVICES

The principal activities of this business segment are Group Treasury and corporate administration services. All financing costs that are not directly related to a real estate development project are reported in Group Services irrespective of where those costs are incurred.

### 3. REVENUE

#### REVENUE FROM OPERATING ACTIVITIES

##### Provision of Services

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Project Management	1,401.4	1,442.7		
Property Development	62.9	129.1		
Real Estate Investments	421.4	377.4		
Real Estate Services	24.0	100.5		
Financial Services	378.9	319.7	43.8	34.4
Capital Services	0.4			
Group Services	5.6	4.2	11.0	60.7
	<b>2,294.6</b>	<b>2,373.6</b>	<b>54.8</b>	<b>95.1</b>

##### Sale of Inventories

Sale of Solihull land to Retail Partnership	46.1			
Bluewater	831.5	174.7		
Olympic Village	27.3			
Grand Central		20.0		
Riverside II	17.8			
Sale of Northtech		66.9		
Other	67.6	119.7		
	<b>990.3</b>	<b>381.3</b>		

##### Share of Profit of Statutory Funds

MLC Limited	128.9	97.6		
MLC Lifetime	47.1	48.8		
Australian Eagle <sup>(1)</sup>		24.1		
	<b>176.0</b>	<b>170.5</b>		

(1) Australian Eagle merged with MLC Limited 1 April 1998.

##### Dividends Received

Controlled entities			160.7	313.4
Related parties				
IBMGSA	8.5	7.6	8.6	7.6
Other	0.9	3.9		
Associated entities				
Chelverton Properties Limited		6.1		
Other corporations				
Westpac <sup>(2)</sup>	1.0	18.4		
Other	12.8	17.9	10.3	13.5
	<b>23.2</b>	<b>53.9</b>	<b>179.6</b>	<b>334.5</b>

(2) Westpac dividends received comprise dividends on shares not subject to forward sale (refer Note 12).

##### Interest Received

Controlled entities			11.5	25.6
Other related parties	9.3	0.9	0.1	0.5
Other corporations	31.1	20.6	7.5	6.0
	<b>40.4</b>	<b>21.5</b>	<b>19.1</b>	<b>32.1</b>

##### Rental Income

Bluewater	12.5			
Darling Park	9.3	7.2		
Other	0.2	0.9		
	<b>22.0</b>	<b>8.1</b>		

### 3. REVENUE continued

#### REVENUE FROM OPERATING ACTIVITIES continued

##### Proceeds on Sale of Investments

Westpac <sup>(3)</sup>

Hoyts

Park City, Inc

Tower Appin Power Partnership

Redemption of BIII Investment Funds

SITEL Asia Pacific

LL NHP Partnership

Mirvac

Sealcorp Limited (Sealcorp)

US Prime Property, Inc. (USPPI)

General Property Trust

Vornado Realty Trust

Ord River Dam Hydro Project Partnership

Other

##### Equity Accounted Share of Associates' Profits/(Losses) After Tax

##### Share of Partnership Result

King of Prussia Associates

Other

##### Net Unrealised Gains on Investments

FlexiPlan revaluation

Simas Lend Lease Life revaluation

Medfin revaluation

##### Other Revenue

Guarantee fees

Other

#### REVENUE FROM NON OPERATING ACTIVITIES

##### Proceeds on Sale of Controlled Entities

Sale of Real Estate Services business <sup>(4)</sup>

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>Proceeds on Sale of Investments</b>				
Westpac <sup>(3)</sup>	45.0	141.5		
Hoyts	28.4	23.9		
Park City, Inc	41.1			
Tower Appin Power Partnership	8.0			
Redemption of BIII Investment Funds	4.8			
SITEL Asia Pacific	10.1			
LL NHP Partnership	13.1			
Mirvac		66.0		
Sealcorp Limited (Sealcorp)		22.3		
US Prime Property, Inc. (USPPI)		43.6		
General Property Trust		32.3		
Vornado Realty Trust		14.6		
Ord River Dam Hydro Project Partnership		11.3		
Other	4.5	13.0	(1.6)	5.7
	<b>155.0</b>	<b>368.5</b>	<b>(1.6)</b>	<b>5.7</b>
<b>Equity Accounted Share of Associates' Profits/(Losses) After Tax</b>	1.6			
<b>Share of Partnership Result</b>				
King of Prussia Associates	16.9	15.4		
Other	4.9	3.2		
	<b>21.8</b>	<b>18.6</b>		
<b>Net Unrealised Gains on Investments</b>				
FlexiPlan revaluation	33.3	10.6		
Simas Lend Lease Life revaluation	7.3	(4.4)		
Medfin revaluation	5.5			
	<b>46.1</b>	<b>6.2</b>		
<b>Other Revenue</b>				
Guarantee fees	27.4	13.0	27.4	13.0
Other	26.0	26.7	6.0	6.7
	<b>53.4</b>	<b>39.7</b>	<b>33.4</b>	<b>19.7</b>
<b>REVENUE FROM NON OPERATING ACTIVITIES</b>				
<b>Proceeds on Sale of Controlled Entities</b>				
Sale of Real Estate Services business <sup>(4)</sup>	<b>296.0</b>			
	<b>4,120.4</b>	<b>3,441.9</b>	<b>285.3</b>	<b>487.1</b>

(3) Westpac proceeds on investments comprise dividends on shares subject to forward sale (refer Note 12).

(4) 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).

A reconciliation of revenue for each segment in 1999 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.

### 3. REVENUE continued

	Sale of Inventories and Services	Share of Profits of Statutory Funds	Dividends	Proceeds on Sale of Investments	Revenue from Associates and Partners	Rental Income	Other Revenue	Total per Segment Revenue
Project Management	1,401.4						0.5	1,401.9
Property Development	1,053.2				(1.8)	9.3	0.7	1,061.4
Real Estate Investments	421.4		0.9	41.1	20.6	12.5	3.5	500.0
Real Estate Services	24.0						296.3 <sup>(1)</sup>	320.3
Funds Management & Life Insurance	378.9	176.0		4.9	(0.2)		46.1 <sup>(2)</sup>	605.7
Capital Services	0.4			25.2	4.8		27.4	57.8
IT + T Investments			8.5	10.1			6.9	25.5
Investments			3.6	73.7				77.3
Group Services	5.6		10.2			0.2	54.5 <sup>(3)</sup>	70.5
	<b>3,284.9</b>	<b>176.0</b>	<b>23.2</b>	<b>155.0</b>	<b>23.4</b>	<b>22.0</b>	<b>436.9</b>	<b>4,120.4</b>

(1) Includes Proceeds on Sale of Real Estate Services.

(2) Includes net unrealised gains on investments.

(3) Includes interest received.

### 4. OPERATING PROFIT

Operating profit before income tax is arrived at after including:

#### Amortisation

Leasehold improvements

Goodwill

Management agreements

Other intangible assets

Trade debtors bad debts expense

Depreciation of property, plant and equipment

#### Borrowing Costs

Interest

Related parties

Other corporations

Controlled entities

Other borrowing costs

Less: Capitalised borrowing costs

Interest

Other borrowing costs

#### Net borrowing costs charged to Profit and Loss

(Profit) on sale of property, plant and equipment

(Gain) on sale of controlled entity – COMPASS

(Gain)/loss on sale of investments

Westpac

Hoyts

Mirvac

Sealcorp

USPPI

Tower Energy and Appin Power Partnership

Park City

LL NHP Partnership

Other

#### Total gain on sale of investments

Net Foreign exchange (gains)/losses

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Leasehold improvements	1.7	1.9		
Goodwill	4.4	6.2		
Management agreements	8.6			
Other intangible assets	1.6			
Trade debtors bad debts expense	3.2	1.0		
Depreciation of property, plant and equipment	10.6	12.4	1.9	1.8
Interest				
Related parties	2.7	0.1		
Other corporations	134.1	69.0		
Controlled entities			19.5	49.1
Other borrowing costs	99.0			
Less: Capitalised borrowing costs				
Interest	(63.5)	(19.2)		
Other borrowing costs	(86.4)			
<b>Net borrowing costs charged to Profit and Loss</b>	<b>85.9</b>	<b>49.9</b>	<b>19.5</b>	<b>49.1</b>
(Profit) on sale of property, plant and equipment	(0.5)	(0.5)		
(Gain) on sale of controlled entity – COMPASS	(18.0)			
(Gain)/loss on sale of investments				
Westpac	(45.0)	(103.9)		
Hoyts	(2.6)	(8.8)		
Mirvac		(36.8)		
Sealcorp		(9.6)		
USPPI		(20.6)		
Tower Energy and Appin Power Partnership	(7.9)			
Park City	(1.0)			
LL NHP Partnership	(4.1)			
Other	2.6	(11.8)		
<b>Total gain on sale of investments</b>	<b>(58.0)</b>	<b>(191.5)</b>		
Net Foreign exchange (gains)/losses	3.8	37.1	(26.7)	25.9



## 5. TAXATION

### (a) INCOME TAX EXPENSE

Prima facie income tax expense at 36% of operating profit

Tax effect of permanent differences:

Rebateable dividends

Share of profit of Statutory Funds (tax paid by life insurance entities)

Non taxable income

Variation in overseas tax rates

Deductible US amortisation

Non allowable expenses

Other

Income tax expense for year

Income tax under provided in previous years

**Total income tax expense**

**Effective tax expense rate**

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
	<b>185.8</b>	<b>148.7</b>	<b>82.3</b>	<b>82.2</b>
	(8.0)	(16.0)	(64.6)	(119.9)
	(63.4)	(61.2)		
	(20.3)	(16.1)	(0.1)	(13.8)
	(11.7)	2.8		
	(4.6)	(10.6)		
	11.3	2.5		
	5.5	(3.8)	0.2	6.8
	<b>(91.2)</b>	<b>(102.4)</b>	<b>(64.5)</b>	<b>(126.9)</b>
	94.6	46.3	17.8	(44.7)
	1.1	3.0	1.5	4.1
	<b>95.7</b>	<b>49.3</b>	<b>19.3</b>	<b>(40.6)</b>
	<b>18.5%</b>	<b>11.9%</b>		

Permanent difference for June 1999 non taxable income of \$20.3 million mainly comprises the tax effect of proceeds on disposal of Westpac shares subject to forward sale received as rebateable dividends of \$16.2 million (\$45.0 million at 36%). The effective income tax expense rate was less than the corporate rate of 36% mainly due to Lend Lease receiving approximately 47% (June 1998 73%) of its income in dividends (principally from MLC Limited, MLC Lifetime and Westpac), which are effectively not taxable when received by Lend Lease under the dividend rebate provisions of existing tax legislation. The underlying rationale for this is that the company paying the dividend has already paid tax on these profits.

### (b) PROVISION FOR CURRENT INCOME TAX

Movements during the year were as follows:

Balance at beginning of financial year

Income tax paid

Current year's income tax expense on operating profit after adjusting for timing differences

	95.6	18.7	0.9	(13.6)
	(90.9)	(14.5)	(4.5)	4.5
	69.2	91.4	12.3	10.0
	<b>73.9</b>	<b>95.6</b>	<b>8.7</b>	<b>0.9</b>

### (c) PROVISION FOR DEFERRED INCOME TAX

Provision for deferred income tax comprises the estimated liability at current income tax rates on the following items:

Difference in depreciation and amortisation for accounting and income tax purposes

Expenditure currently deductible for tax but deferred for accounting purposes

Development expenditure deductible prior to project recognition of profits

Unrealised foreign exchange contract movements

Other

	6.5	5.7		
	17.0	15.4	0.3	0.4
	56.4	13.3		
	16.2	38.9		
	32.5	29.1		
	<b>128.6</b>	<b>102.4</b>	<b>0.3</b>	<b>0.4</b>

### (d) FUTURE INCOME TAX BENEFIT

Future income tax benefit comprises the estimated future benefit at current income tax rates on the following items:

Provisions and accruals not currently deductible

Deferred interest costs

Unrealised accounting profit on construction projects

Tax losses brought forward

Unrealised foreign exchange contract movements

Other

	119.4	110.2	36.0	33.3
	20.0	2.6		
	9.7	5.5		
	35.0	40.8		
	38.5	50.6	16.4	27.2
	7.4	12.5	0.7	
	<b>230.0</b>	<b>222.2</b>	<b>53.1</b>	<b>60.5</b>

## 6. DIVIDENDS AND EARNINGS PER SHARE

### DIVIDENDS

Interim dividend

29¢ per share paid March 1999 (March 1998 - 26.5¢ per share) <sup>(1)</sup>

Final dividend

31¢ per share declared (June 1998 - 27¢ per share) <sup>(1)</sup>

### Dividends paid or proposed

Company	
1999	1998
\$m	\$m
146.2	133.5
156.3	135.9
<b>302.5</b>	<b>269.4</b>

(1) Prior year comparative dividend payment has been adjusted by a factor of 0.5 in respect of the 1:1 bonus issue in the current financial year.

### DIVIDENDS AND DIVIDEND FRANKING

The final dividend of 31 cents per share will be paid on 16 September 1999 (prior year 17 September 1998). The dividend payout ratio of 72.0% (June 1998 74.0%) is calculated by dividing the dividends paid or declared in the year by the consolidated operating profit after tax attributable to members of Lend Lease Corporation.

Dividends paid or declared during the year will be fully franked to 100% with Class C (36%) franking credits. The dividend franking account balance at 30 June 1999 was \$54.2 million (June 1998 \$187.3 million), which 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 interim and final dividends and franking credits that may be prevented from being distributed in the subsequent financial year. The balance of the franking account has been calculated on a basis consistent with the Company's accounting policies. Based on current business assumptions and forecasts, Lend Lease Corporation expects to continue to pay dividends franked to 100% with Class C (36%) franking credits for 1999-00 financial year, for both the interim and final dividends. This assumption is based mainly on the following:

- The forecast level of Australian tax payable by Lend Lease;
- That various equity investments (eg, Westpac, Mirvac etc.) will continue to pay a certain level of franked dividends;
- That MLC Limited and the Group's other financial services companies will pay dividends with a sufficient level of franking credits attached;
- The current forecast level of Australian based profits; and
- The continued globalisation of the Lend Lease businesses will lead to an increasing and significant proportion of profit before tax and interest being earned outside Australia. As this occurs, Australian sourced profits will become a smaller proportion of total Lend Lease profits. As tax paid on foreign profits in overseas jurisdictions does not generate franking credits, this may result in Lend Lease Corporation being unable to continue to pay fully franked dividends at current dividend payout ratios.

A key assumption on the franking of future dividends is based on the continuation of existing taxation legislation. However, there are likely to be significant changes to business taxation, including franking rules arising as a result of the report by the Review of Business Taxation. The impact of the changes cannot be forecast until the details of the specific legislation has been released by the Government.

### EARNINGS PER SHARE

Operating profit after tax

Weighted average shares and share equivalents <sup>(1)</sup>

### Earnings per share (cents) <sup>(2)</sup>

Basic

Consolidated	
1999	1998
\$m	\$m
420.4	363.9
Number m	Number m
504.5	252.4
Cents	Cents
83.2	71.6

(1) The weighted average shares and share equivalents comparatives have been adjusted for the 1:1 bonus issue.

(2) The earnings per share comparatives have been adjusted by a factor of 0.5 in respect of the 1:1 bonus issue in the current financial period (Note 19). An adjustment factor of 0.99264 has also been applied which is attributable to the bonus element for the current year relating to the issue of shares at less than market price such as share election plan, share purchase plan and ESAP share allocation.

## 7. CASH AND CASH EQUIVALENTS

Cash  
Short term deposits  
Bank accepted and endorsed bills of exchange

Consolidated		Company	
1999	1998	1999	1998
\$m	\$m	\$m	\$m
256.2	257.6		31.4
349.0	12.0		
15.5	212.0		197.1
<b>620.7</b>	<b>481.6</b>		<b>228.5</b>

Short term deposits and bills of exchange are at variable rates of interest which averaged 4.93% per annum during the financial year ended 30 June 1999 and are invested with financial institutions approved by the Board of Lend Lease Corporation. These financial institutions are financial intermediaries with acceptable credit rating(s) determined by a recognised rating agency. The amount placed with an individual institution is restricted to a limit of \$200.0 million. 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.

## 8. RECEIVABLES

### CURRENT

Trade debtors  
Provision for doubtful debts

Consolidated		Company	
1999	1998	1999	1998
\$m	\$m	\$m	\$m
283.8	265.4	0.7	1.4
(7.1)	(3.6)		
<b>276.7</b>	<b>261.8</b>	<b>0.7</b>	<b>1.4</b>

### Related party receivables

Life insurance entities  
Managed property trusts  
    Darling Park Trust  
    Other  
MLC unlisted trusts  
Controlled entities  
Lend Lease Retail Partnership  
Asia Pacific Investment Company (APIC)  
Pymont Trust  
Mirvac Limited  
Mirvac Lend Lease Village Consortium  
Chelverton Properties Limited  
IBM Global Services Australia  
Other

69.9	41.2	19.2	9.3
22.3	33.5		
23.7	23.8		
7.6	4.8		
		279.8	91.9
105.3			
22.1	23.4		
32.4	14.0		
14.3			
17.9			
21.5	0.4		
5.0			
73.2	26.5	28.0	8.5
<b>415.2</b>	<b>167.6</b>	<b>327.0</b>	<b>109.7</b>

Accrued income  
Contract debtors  
Other receivables  
    Westpac Banking Corporation dividend receivable  
    Other

10.3	213.0		
40.8	26.2		
23.0	29.4		
48.1	118.5	0.6	
<b>814.1</b>	<b>816.5</b>	<b>328.3</b>	<b>111.1</b>

## 8. RECEIVABLES continued

### NON CURRENT

Loans made to Directors of Lend Lease Corporation or controlled entities in accordance with a scheme approved by shareholders in General Meeting

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Loans made to Directors of Lend Lease Corporation or controlled entities in accordance with a scheme approved by shareholders in General Meeting	1.7	1.6		
Other loans	0.1	0.2	1.9	2.5
Related party receivables				
Managed property trusts				
Darling Park Trust		18.0		
Controlled entities			1,694.6	1,008.1
Associates		4.4		
Lend Lease Retail Partnership	29.5			
Pymont Trust	51.3	58.8		
Maribyrnong Development Company Pty Ltd	3.1	14.4		
Fox Studios	90.5			
Asia Pacific Investment Company (APIC)		23.4		
Other	5.7	7.2		
Other receivables	15.1	29.5		
	<b>197.0</b>	<b>157.5</b>	<b>1,696.5</b>	<b>1,010.6</b>
	<b>1,011.1</b>	<b>974.0</b>	<b>2,024.8</b>	<b>1,121.7</b>

### 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.

An increase in the overall level of activity of Lend Lease has seen trade debtors rise during the year to \$283.8 million at 30 June 1999. At balance date trade debtors by industry segment comprised Project Management 53%, Real Estate Investments 38% and others 9%. Trade debtors outside of Australia amounted to 53% of the balance. The maximum exposure to an individual trade debtor was \$39.2 million.

Life insurance entities receivables at June 1999 mainly relates to the share of surplus of statutory funds for MLC Limited (\$8.0 million) and MLC Lifetime (\$39.0 million) and Investment Management fees payable by MLC Limited and MLC Lifetime (\$19.2 million).

The amount owing from the Darling Park Trust of \$22.3 million at 30 June 1999 mainly comprises an amount of \$18.0 million representing a 50% interest in the leasehold of Stage 2, being reclassified from non current to current receivable (due in December 1999). The amount owing last year was mainly comprised of amounts due for project management work.

The Lend Lease Retail Partnership receivable is mainly comprised of the VAT component on the sale of a 25% interest in Bluewater (\$96.8 million) and the Solihull land (\$7.6 million).

The APIC receivable of \$22.1 million represents the balance of proceeds from the sale of a 50% interest in Northtech, Singapore, during the year ended 30 June 1998.

The receivable from Pymont Trust of \$32.4 million comprises the loans and associated interest in relation to the land acquisition and development fees owing to Lend Lease for developing the Jacksons Landing site at Pymont.

The receivable from Mirvac Limited of \$14.3 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 in March 2000.

The receivable for the Mirvac Lend Lease Village Consortium of \$17.9 million relates to the June 1999 construction progress claim on the Olympic Village development.

The receivable from Chelverton Properties Limited of \$21.5 million comprises a loan to fund retail/leisure developments in Southern Europe.

The receivable from IBM Global Services Australia of \$5.0 million relates to sundry costs paid on their behalf.

The related party receivables other of \$73.2 million mainly comprises Maribyrnong Development loan (\$5.3 million), management fees (\$5.7 million), Capital Plus (Arrabida Shopping Centre) bridging loan (\$13.8 million), guarantees receivable (\$20.4 million) and Fox Studios bridging finance (\$5.9 million).

## 8. RECEIVABLES continued

### CURRENT continued

Accrued income of \$10.3 million mainly comprises work completed but not yet invoiced by the Asian business (\$9.8 million). The June 1998 balance of \$213.0 million related to the proportion of the forward sale of 15% of the net income of the Bluewater Development which was received in March 1999.

The contract debtors mainly comprises proceeds due on sale of Riverside II land (\$15.0 million), amounts due after exchange of sale contracts on 155 Macquarie Street Residential Apartments (\$14.7 million) and settlements due for sales on the Olympic Village/Newington Project (\$6.1 million).

The decrease in other receivables other mainly relates to the receipt of the June 1998 receivable relating to the sale of USPP1 (\$56.2 million).

### NON CURRENT

The receivable from the Lend Lease Retail Partnership of \$29.5 million relates to work performed on the Solihull shopping centre (UK) development that is not financed by the GBP250.0 million construction loan (refer Notes 16 and 26(k)).

The receivable from Pymont Trust of \$51.3 million comprises \$24.6 million (June 1998 \$10.8 million) deferred land payment from the joint venture developing Jacksons Landing and a \$26.7 million (June 1998 \$48.0 million) loan to the joint venture to fund development expenditure.

The receivable from Fox Studios of \$90.5 million is an interest free loan to fund development expenditure. The loan will be repaid on sell-down of the investment which is forecast to be in 2002.

Non Current Receivables are due in accordance with the following schedule:

	Consolidated	
	June 1999 \$m	June 1998 \$m
Between 1 and 2 years	37.9	98.2
Between 2 and 5 years	121.3	30.1
After 5 years	37.8	29.2
	<b>197.0</b>	<b>157.5</b>

## 9. INVENTORIES

### CURRENT

Property held for resale at cost  
Provision for diminution in value

### NON CURRENT

Property held for resale at cost  
Provision for diminution in value

### Total inventories

### PROPERTY HELD FOR RESALE

Total cost of Property held for resale includes:

Cost of acquisition  
Development expenses  
Construction expenses  
Rates and taxes capitalised  
Interest capitalised

### Total cost

Less: provision for diminution in value

### Book value

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Property held for resale at cost	767.9	81.5		
Provision for diminution in value	(12.2)	(7.3)		
	<b>755.7</b>	<b>74.2</b>		
Property held for resale at cost	1,219.9	1,301.1		
Provision for diminution in value	(7.1)	(20.6)		
	<b>1,212.8</b>	<b>1,280.5</b>		
<b>Total inventories</b>	<b>1,968.5</b>	<b>1,354.7</b>		
Cost of acquisition	329.4	464.1		
Development expenses	297.2	142.0		
Construction expenses	1,277.5	738.7		
Rates and taxes capitalised	8.7	18.7		
Interest capitalised	75.0	19.1		
<b>Total cost</b>	<b>1,987.8</b>	<b>1,382.6</b>		
Less: provision for diminution in value	(19.3)	(27.9)		
<b>Book value</b>	<b>1,968.5</b>	<b>1,354.7</b>		

## 9. INVENTORIES continued

### PROPERTY HELD FOR RESALE

Book value comprises:

Income producing

Non income producing

### CONSTRUCTION AND DEVELOPMENT IN PROGRESS

#### CURRENT

Contract costs incurred to date

Profit recognised to date

#### Sales revenue

*Less:* Progress billings received and receivable on completed contracts

#### Net construction work in progress

Net construction work in progress comprises:

Amounts due from customers - inventories

Amounts due to customers - trade creditors

Advances on construction projects in progress included in trade creditors (Note 15)

Retentions on construction projects included in progress billings

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
	1,249.3	110.7		
	719.2	1,244.0		
	<b>1,968.5</b>	<b>1,354.7</b>		
	1,570.5	784.4		
	100.0	54.2		
	<b>1,670.5</b>	<b>838.6</b>		
	(1,765.6)	(868.7)		
	<b>(95.1)</b>	<b>(30.1)</b>		
	(95.1)	(30.1)		
	<b>(95.1)</b>	<b>(30.1)</b>		
	95.1	30.1		
	<b>29.6</b>	<b>18.7</b>		

Interest capitalised of \$75.0 million includes interest determined on a fair market basis where the cost of acquisition of property inventories has been discounted for delayed settlement on interest free terms.

Included in the book value of property held for resale of \$1,998.0 million are assets that are held at independent valuations adopted as at 30 June 1999 of \$46.4 million. All other book values are at cost.

### PROPERTY HELD FOR RESALE

Total property held for resale is comprised of:

	Note	Cost 1999 \$m	Provision 1999 \$m	Book Value 1999 \$m	Book Value 1998 \$m
Bluewater	26(i)	1,129.3		1,129.3	739.9
Overgate Centre, Dundee	26(j)	178.1		178.1	129.6
Touchwood Court, Solihull	26(k)				46.1
Norwich	26(pp)	13.6		13.6	
Darling Park, Sydney Stage 1	26(a)	107.6		107.6	107.6
Darling Park, Sydney Stages 2 & 3	26(a)	131.0		131.0	83.7
88 Phillip Street, Sydney (155 Macquarie Street)	26(b)	108.9		108.9	60.2
Admiralty Industrial Park, Singapore	26(aa)	23.0	7.1	15.9	44.5
Riverside II <sup>(1)</sup>					12.5
Auslig <sup>(3)</sup>		18.0	6.7	11.3	
Twin Waters		12.2		12.2	14.0
Olympic Village/Newington	26(d)	194.5		194.5	45.4
Jacksons Landing (Pymont) <sup>(2)</sup>	26(e)	17.3		17.3	18.2
Others		54.3	5.5	48.8	53.0
<b>Total</b>		<b>1,987.8</b>	<b>19.3</b>	<b>1,968.5</b>	<b>1,354.7</b>

(1) Riverside II was sold during the year.

(2) Jacksons Landing has been reclassified as inventory.

(3) AUSLIG was acquired during the year as the result of a put option exercised, granted by Lend Lease at the time of the initial sale of the development. The provision of \$6.7 million was recorded as an other provision in the year ended 30 June 1998.

	Notes	Country of Origin	Consolidated		Company	
			1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>10. INVESTMENTS</b>						
<b>CURRENT</b>						
Shares in other corporations						
Quoted at cost			27.4			
<b>NON CURRENT</b>						
Associates			122.2	89.5		
Shares in other corporations						
Quoted at cost			32.6	82.2		
Unquoted at cost			91.0	65.9	49.0	42.6
Interests in trusts and partnerships						
Quoted at cost			5.5	3.2		
Unquoted at cost			500.7	474.4	8.3	7.6
Shares in controlled entities					2,778.4	2,654.3
			<b>752.0</b>	<b>715.2</b>	<b>2,835.7</b>	<b>2,704.5</b>
<b>Total investments</b>			<b>779.4</b>	<b>715.2</b>	<b>2,835.7</b>	<b>2,704.5</b>
Total investments comprise:						
<b>Associates</b>						
<b>Equity Accounted</b>						
Capital Plus (Arrabida Shopping Centre)	26(mm)	Portugal	37.5			
Kiwi Property Group	26(q)	NZ	16.3	17.1		
Morrison & Co Group Limited	26(r)	NZ	8.0			
Chelverton Properties Limited	26(oo)	UK	12.1	9.0		
THI Plc		UK		9.1		
Tuas View Development	26(dd)	Singapore		2.7		
Lend Lease Rosen Real Estate Securities, LLC	26(y)	USA	7.8	7.9		
Vestar Glendale	26(u)	USA	18.6	17.7		
Vestar Long Beach	26(t)	USA	20.8	18.3		
PT Simas Lend Lease Life (1)		Indonesia		1.2		
Other			5.4	6.4		
Less: Provision for diminution			(4.3)	(3.9)		
			<b>122.2</b>	<b>85.5</b>		
<b>Non Equity Accounted</b>						
Other		Australia		4.0		
			<b>122.2</b>	<b>89.5</b>		
<b>Other Corporations</b>						
<b>Quoted at cost</b>						
Mirvac Limited (quoted market value \$42.2 million)		Australia	27.4	27.4		
Hoyts Cinemas		Australia		25.2		
Sitel Corp, Inc	26(z)	USA	16.8			
Chastain Capital Corporation	26(s)	USA(2)	26.9	29.2		
Less: Provision for diminution			(12.1)			
Other			1.0	0.4		
<b>Sub Total</b>			<b>60.0</b>	<b>82.2</b>		

(1) This company is now being consolidated as a controlled entity as Lend Lease increased its shareholding to 80% in July 1998.

(2) Variation from prior period represents exchange rate movement.

	Notes	Country of Origin	Consolidated		Company	
			1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>10. INVESTMENTS continued</b>						
<b>NON CURRENT continued</b>						
<b>Other Corporations continued</b>						
<b>Unquoted at cost</b>						
IBM Global Services Australia	26(l)	Australia	40.5	40.5	40.5	40.5
Infrastructure Investment Corporation	26(o)	Australia	2.1	2.1	2.1	2.1
Advantra Pty Limited	26(p)	Australia	6.4		6.4	
Sitel Asia Pacific Joint Venture	26(z)	Sing/Aust		10.2		
coolsavings.com, Inc	26(v)	USA	30.5	10.3		
Thai Agro Exchange Company	26(ff)	Thailand <sup>(1)</sup>	12.9	17.1		
Less: Provision for diminution			(11.9)	(16.1)		
Lend Lease Global Property Fund	26(ll)	Luxem <sup>(2)</sup>	10.5			
Li Fung Distribution Centre	26(gg)	China <sup>(1)</sup>	7.9	8.5		
Less: Provision for diminution			(7.9)	(8.5)		
Other			0.7	1.8		
Less: Provision for diminution			(0.7)			
<b>Sub Total</b>			<b>91.0</b>	<b>65.9</b>	<b>49.0</b>	<b>42.6</b>
<b>Interests in Trusts and Partnerships</b>						
<b>Quoted at cost</b>						
General Property Trust (quoted market value \$5.2 million) <sup>(3)</sup>		Australia	6.0	2.9		
Less: Provision for diminution			(0.8)			
Others			0.3	0.3		
<b>Sub Total</b>			<b>5.5</b>	<b>3.2</b>		
<b>Unquoted at cost</b>						
Fox Studios	26(c)	Australia	46.0	48.9		
Lend Lease Asia Water Trust	26(cc)	Australia	8.3	7.6	8.3	7.6
Infrastructure Partnerships	26(m)	Australia	8.3	16.5		
BII Lend Lease Investment Funds		Indonesia		5.8		
Less: Provision for diminution				(1.8)		
Asia Pacific Investment Company	26(bb)	USA	53.9	30.6		
Less: Provision for diminution			(7.8)			
Cempaka	26(ee)	Indonesia <sup>(1)</sup>	18.8	10.3		
Less: Provision for diminution			(17.8)	(9.3)		
King of Prussia Associates	26(f)	USA	182.8	187.2		
Value Enhancement Fund III	26(w)	USA	14.8	5.5		
Yarmouth Capital Partners II Limited Partnership	26(g)	USA	63.4	65.7		
Lend Lease Retail Partnership	26(nn)	UK	37.7			
Clacton Common Factory Outlet Centre		UK <sup>(1)</sup>	5.4	5.9		
Less: Provision for diminution			(5.4)			
Fareham Shopping Centre Partnership	26(hh)	UK	18.7	19.1		
Whitecliff Properties	26(ii)	UK	25.8	10.4		
LLNHP Partnership	26(jj)	UK		7.8		
Australian Prime Property Fund <sup>(3)</sup>	26(n)	Australia	47.8	8.6		
Park City, Inc.	26(h)	USA		41.7		
Others			11.5	13.9		
Less: Provision for diminution			(11.5)			
<b>Sub Total</b>			<b>500.7</b>	<b>474.4</b>	<b>8.3</b>	<b>7.6</b>

(1) Variation from prior period represents exchange rate movement.

(2) Luxembourg.

(3) General Property Trust and Australian Prime Property Fund are related entities.

**10. INVESTMENTS continued**

Shares in controlled entities

Country of Origin	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
			2,778.4	2,654.3
	779.4	715.2	2,835.7	2,704.5

**11. OTHER ASSETS****CURRENT**

Prepayments

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Prepayments	23.3	24.0	0.1	0.1

**NON CURRENT**

Future income tax benefit (Note 5(d))

Intangible assets comprised of:

Goodwill

LL REI US at cost <sup>(1)</sup>Rosen Consulting Group <sup>(2)</sup>Crystal Group <sup>(3)</sup>

Other at cost

Accumulated amortisation

Other

Crystal Group <sup>(3)</sup>

Accumulated amortisation

Other

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Future income tax benefit (Note 5(d))	230.0	222.2	53.1	60.5
Intangible assets comprised of:				
Goodwill				
LL REI US at cost <sup>(1)</sup>	48.0	135.8		
Rosen Consulting Group <sup>(2)</sup>	19.9			
Crystal Group <sup>(3)</sup>	15.4			
Other at cost	10.4	10.4		
Accumulated amortisation	(7.3)	(7.7)		
Other				
Crystal Group <sup>(3)</sup>	11.9			
Accumulated amortisation	(1.2)			
Other	1.9	1.9		
	329.0	362.6	53.1	60.5
	352.3	386.6	53.2	60.6

(1) The decrease from June 1998 relates mainly to the sale of COMPASS during the year to 30 June 1999.

(2) The Rosen Consulting Group was acquired in February 1999.

(3) The Crystal Group was acquired in January 1999. Other Intangible assets comprises patent (\$3.7 million) and semiconductor contracts (\$8.2 million).

**12. INVESTMENTS IN FINANCIAL SERVICES INSTITUTIONS****LISTED INVESTMENT IN BANKING**

Westpac Banking Corporation at Directors' valuation 1998 (cost) (hedged value \$402.2 million) (June 1998 quoted market value \$394.2 million)

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Westpac Banking Corporation at Directors' valuation 1998 (cost) (hedged value \$402.2 million) (June 1998 quoted market value \$394.2 million)	148.9	148.9		
<b>UNLISTED INVESTMENTS IN LIFE INSURANCE</b>				
Book value at beginning of financial year	1,720.0	1,532.0		
Revaluation (Note 20)	132.0	188.0		
Book value at end of financial year	1,852.0	1,720.0		
Excess of market value over net assets of subsidiaries	75.7	25.0		
	2,076.6	1,893.9		

**WESTPAC BANKING CORPORATION**

Lend Lease's interest in Westpac at 30 June 1999 was 140 million ordinary shares comprising an interest in 40 million ordinary shares under a share lending arrangement at Directors' valuation based on cost \$148.9 million and 100 million ordinary shares subject to a forward sale agreement at nil book value.

## 12. INVESTMENTS IN FINANCIAL SERVICES INSTITUTIONS continued

### WESTPAC BANKING CORPORATION continued

The Lend Lease interest in the 40 million shares represents 2.1% of fully paid issued ordinary shares in Westpac and the shareholding of 100 million shares which are subject to a forward sale agreement represents 5.4% of fully paid issued ordinary shares in Westpac. Westpac shares held by related entities of Lend Lease comprise 1.9% of fully paid issued ordinary shares of 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) (formerly County Natwest Securities Australia Limited) under which Lend Lease has agreed to deliver 100 million Westpac ordinary shares to SSB on 31 July 2000, or earlier in certain conditions. Lend Lease has granted to SSB a charge over 100 million Westpac ordinary shares which are subject to forward sale, as security for Lend Lease's obligations to deliver Westpac shares to SSB. Lend Lease will remain the registered shareholder until the delivery of the shares to SSB. While it remains the registered shareholder, Lend Lease is entitled to retain all dividends (and franking credits) paid on the shares, other than dividends in excess of 70 cents per share in any half year (excess dividends). Excess dividends, other returns and distributions on the shares are payable to SSB.

During the year Lend Lease effected share lending and hedging arrangements ("the Arrangements") with Merrill Lynch relating to the 40 million shares. The Arrangements effectively locked in a price of \$10.05 per share at which Lend Lease may realise the value of its investment, while retaining flexibility regarding the timing of 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 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 balance sheet (refer Note 18) until such time as either Lend Lease ends the Arrangements (in which case the 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.

As the shares are effectively lent to Merrill Lynch, Lend Lease will not be entitled to the dividends on the 40.0 million shares whilst the Arrangements are in place.

The investment in Westpac contributed franked dividends of \$46.0 million during the year ended 30 June 1999 (June 1998 franked dividends of \$59.4 million) of which dividends received on the 100 million shares subject to forward sale of \$45.0 million (June 1998 \$41.0 million) have been recognised in the financial statements as proceeds on sale and the balance of \$1.0 million as dividend income (June 1998 \$18.4 million).

### VALUATION OF LIFE INSURANCE COMPANIES

The value of the Financial Services business of Lend Lease has increased from \$1,834.2 million to \$2,052.7 million, an increase of 11.9%.

#### Summary of valuations

	1999	1998	% increase
<b>Embedded Value</b>			
MLC Limited	1,438.6	1,353.0	
MLC Lifetime	413.4	367.0	
	<u>1,852.0</u>	<u>1,720.0</u>	
<b>Excess of market value over net assets of subsidiaries</b>	75.7	25.0	
<b>Total value recorded on balance sheet</b>	<u>1,927.7</u>	<u>1,745.0</u>	
<b>Management agreements</b>			
MLC Investments (not recorded on balance sheet refer Note 14)	125.0	89.2	
<b>Total valuations</b>	<u><u>2,052.7</u></u>	<u><u>1,834.2</u></u>	<u>11.9%</u>

This increase is discussed in further detail below.

### EMBEDDED VALUE

The investments in MLC Limited and MLC Lifetime represent the value of Lend Lease's interest in the current net worth of the respective Statutory Funds based on the audited financial statements for the 1998-99 year and their entitlement to participate in future distributable profits, including imputation credits, generated by in force life insurance contracts as at 30 June 1999. This is known as the embedded value and is recorded as an asset on Lend Lease's balance sheet.

## 12. INVESTMENTS IN FINANCIAL SERVICES INSTITUTIONS continued

### EMBEDDED VALUE continued

The valuations of MLC Limited and MLC Lifetime, both dated 3 August 1999, of the present value of these interests at 30 June 1999 were carried out by Clive Aaron, FIA FIAA and Robert Daly, FIA FIAA, of consulting actuaries Tillinghast-Towers Perrin (Tillinghast) and the Directors adopted the values based on a gross discount rate of 12.0% per annum (1998 11.5% per annum) and with an allowance for 100% (1998 100%) of the value of imputation credits. Tillinghast also calculated Lend Lease's interest in the future profits of MLC Limited and MLC Lifetime which are expected to be generated by future business. This amount is not included on the Lend Lease balance sheet. For this purpose the Directors adopted a value of future business based on a gross discount rate of 12.0% per annum (1998 11.5% per annum) and with an allowance for 100% (1998 100%) of the value of imputation credits. The valuations were based on the current basis of taxation in Australia. Although the federal government has announced its intention to reform the taxation of Life Insurance companies, it has not announced (as at 3 August 1999) firm proposals as to the nature of this reform. For this reason, no allowance was included in the valuations for the possible impact of taxation reform.

The increase in gross discount rate from 11.5% per annum in 1998 to 12.0% per annum in 1999 reflects the increase in yields on fixed interest securities over the year. The discount rate of 12.0% was determined using the Capital Asset Pricing Model and assumes a long term risk free rate of 6.5%, a market risk premium of 5.5% and a Beta of 1.0, where Beta is a measure of risk relative to the market.

	1999 (12.0% pa Risk Discount Rate) \$m	1998 (11.5% pa Risk Discount Rate) \$m
<b>Components of Embedded Value</b>		
Shareholder fund net assets	158.2	164.8
Shareholders' interest in net worth of statutory funds and future profits from in force business	1,852.0	1,720.0
<b>Total embedded value</b>	<b>2,010.2</b>	<b>1,884.8</b>
<b>Value of future business</b>	<b>710.6</b>	<b>711.0</b>
<b>Value of shareholder profits from one year's new business</b>	<b>86.5</b>	<b>84.7</b>

The value of future business was calculated by applying a new business multiplier to the "value of shareholder profits from one year's new business". Lend Lease has disclosed the "value of shareholder profits from one year's new business" to allow users of the financial statements to apply their own multiplier to determine their own view as to the value of future business. The Directors' assessment as to the value of future business at 30 June 1999 was based on a Tillinghast calculation using an average new business multiplier of 8.2 (1998 8.4). This average multiplier is based on a weighting of the various multipliers used for each business unit.

### Increase in Embedded Value

An analysis of the increase in the embedded value in the year to June 1999 is summarised as follows:

	\$m
<b>Embedded value at 30 June 1998</b>	
MLC Limited	1,353.0
MLC Lifetime	367.0
	<b>1,720.0</b>
Movement in valuation due to:	
Expected growth in embedded value	181.1
Value added by new business	86.5
Experience variations and assumption changes	45.7
Dividends <sup>(1)</sup>	(181.3)
<b>Embedded value at 30 June 1999</b>	<b>1,852.0</b>
Comprising:	
MLC Limited	1,438.6
MLC Lifetime	413.4
	<b>1,852.0</b>
<b>Net increase</b>	<b>132.0</b>
<b>Net increase %</b>	<b>7.7%</b>

(1) Includes imputation credits attaching to dividends paid during the year.

## 12. INVESTMENTS IN FINANCIAL SERVICES INSTITUTIONS continued

### VALUATION OF LIFE INSURANCE COMPANIES continued

#### *Sensitivity of Values*

The values shown above are sensitive to a number of the assumptions used in their determination. A number of sensitivities are shown below. For each sensitivity illustrated, all other assumptions have been left unchanged.

	Embedded Value \$m	Value of One Year's New Business \$m
Base values	1,852.0	86.5
Value of imputation credits taken as 70%	1,693.8	79.3
Risk discount rate increased 1% per annum	1,733.6	78.3
Risk discount rate reduced 1% per annum	1,959.1	95.8

The value of future business with the value of imputation credits taken as 70% would be \$656.3 million.

### EXCESS OF MARKET VALUE OVER NET ASSETS OF SUBSIDIARIES

MLC's share of the excess of net market value over the underlying net assets of its controlled entities are recorded as an asset in accordance with life company accounting treatment of investments. Details of the excess is as follows:

	Market Value 1999 \$m	Net Assets 1999 \$m	Excess of Market Value Over Net Assets	
			1999 \$m	1998 \$m
FlexiPlan Pty Limited	64.9	4.0	60.9	25.0
Medfin Australia Pty Limited	7.7	3.6	4.1	
PT Simas Lend Lease Life	16.0	5.3	10.7	
			<b>75.7</b>	<b>25.0</b>

The recognition of the excess of market value is consistent with the reporting requirements of Life Insurance entities.

### MLC INVESTMENTS

The business of MLC Investments Limited, which is the manager of the MLC Unlisted Trusts, forms an integral part of the overall Financial Services business. The value of management agreements between MLC Investments Limited and the MLC Unlisted Trusts, has increased from \$89.2 million to \$125.0 million and is disclosed in Note 14. (This value excludes franking credits).

## 13. PROPERTY, PLANT AND EQUIPMENT

Land at Director's valuation (1998 at cost) <sup>(1)</sup>

Buildings and leasehold improvements at cost  
Accumulated depreciation and amortisation

Plant and equipment at cost  
Accumulated depreciation

Leased plant and equipment at cost  
Accumulated depreciation

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Land at Director's valuation (1998 at cost) <sup>(1)</sup>	1.2	1.2		
Buildings and leasehold improvements at cost	37.0	17.1		
Accumulated depreciation and amortisation	(3.9)	(2.9)		
	<b>33.1</b>	<b>14.2</b>		
Plant and equipment at cost	83.8	89.3	18.8	16.7
Accumulated depreciation	(49.7)	(49.0)	(9.7)	(7.9)
	<b>34.1</b>	<b>40.3</b>	<b>9.1</b>	<b>8.8</b>
Leased plant and equipment at cost	11.9			
Accumulated depreciation	(1.7)			
	<b>10.2</b>			
	<b>78.6</b>	<b>55.7</b>	<b>9.1</b>	<b>8.8</b>

The increase in buildings and leasehold improvements is mainly due to the refurbishment of the MLC offices in North Sydney of \$19.3 million.

(1) The Director's valuation was carried out as at the 30 June 1999 and was on the basis of market value of the properties concerned in their existing use.

## 14. MANAGEMENT AGREEMENTS

### REAL ESTATE INVESTMENTS

Lend Lease Real Estate Investments – US (LL REI US)  
Accumulated amortisation  
General Property Trust  
Accumulated amortisation  
Australian Prime Property Fund

Consolidated At Cost		Unrecorded Valuation	
1999 \$m	1998 \$m	1999 \$m	1998 \$m
359.1	555.6	564.6	734.2
(7.5)			
42.7	42.7	187.0	179.0
(0.9)			
		48.0	38.0
<b>393.4</b>	<b>598.3</b>	<b>799.6</b>	<b>951.2</b>
10.8	10.8	125.0	89.2
(0.2)			
<b>10.6</b>	<b>10.8</b>	<b>125.0</b>	<b>89.2</b>
<b>404.0</b>	<b>609.1</b>	<b>924.6</b>	<b>1,040.4</b>

### FUNDS MANAGEMENT AND LIFE INSURANCE

MLC Unlisted Trusts  
Accumulated amortisation

Movement in management agreements for LL REI US comprises:

	Consolidated Valuation \$m	Cost \$m
Balance 30 June 1998	734.2	555.6
Property management agreements sold as part of sale of the Compass business	(158.0)	(158.0)
Effect of exchange rate movement from June 1998 to June 1999	(44.5)	(38.5)
Valuation increase	32.9	-
<b>Balance 30 June 1999</b>	<b>564.6</b>	<b>359.1</b>

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 Methodology, 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, with effect from 1 July 1998.

### LEND LEASE REAL ESTATE INVESTMENTS – US (LLREI US)

Property asset management agreements between LLREI US and its clients were valued by David Bowerman of KPMG Peat Marwick LLP, New York as at 30 June 1999 at \$564.6 million (USD367.0 million), (1998 \$734.2 million (USD440.5 million)). The valuation was dated 1 July 1999 and the basis of the valuation was the net present value of estimated future earnings from these agreements at a discount rate of 10.8% (1998 11.0%). The main factor resulting in the valuation increase of the management agreements remaining after the Compass disposal was increased revenues from contracts (\$44.0 million).

### 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 1999 at \$187.0 million (1998 \$179.0 million performed by Neil McDermott MCom; MEngSc; BE of Arthur Andersen Corporate Finance Pty Ltd). The valuation was dated 19 July 1999 and the basis of the valuation was the net present value of estimated future earnings from the management agreement at a discount rate of 9.75% (1998 9.0%). The key factors relating to the increase in valuation between 1998 and 1999 include increased funds under management of \$658.0 million and an increase in the average growth rate of 0.25%, partly offset by an increase in the discount rate.

### 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 (1998 \$38.0 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 (30 June 1998 by Neil McDermott, MCom; MEngSc; BE of Arthur Andersen Corporate Finance Pty Ltd). The increase in valuation from 1998 to 1999 is mainly as a result of increased revenues and funds under management, partly offset by an increase in the discount rate.

## 14. MANAGEMENT AGREEMENTS continued

### MLC UNLISTED TRUSTS

The MLC Unlisted Trust management agreements are carried in the financial statements at cost \$10.8 million. Management agreements between MLC Investments Limited and the trusts listed below were valued by Tim Hosking, BE(Hons); BEc of Ord Minnett Corporate Finance Limited as at 30 June 1999 at \$125.0 million (1998 \$89.2 million).

- MLC Cash Management Trust
- MLC Australian Trust (including MLC Prime Cash Fund)
- MLC Approved Deposit Fund
- MLC Investment Trust

The valuation was dated 30 June 1999 and the basis of the valuation was the estimated realisable value from an arm's length sale of the management agreements. The key factors relating to the increase in valuation between 1998 and 1999 include a 27.0% increase in funds under management from \$3.3 billion to \$4.2 billion, a 9.8% increase in revenues from \$62.5 million to \$68.6 million and a reduction in costs.

## 15. CREDITORS

### CURRENT

Trade creditors	852.4	704.7	15.0	23.3
Revenue in excess of costs and profits recognised on incomplete contracts (Note 9)	95.1	30.1		
Other creditors	86.4			
Related party payables				
Life insurance entities	9.2	21.5		
Managed property trusts		1.9		
Controlled entities			356.3	178.4
Mirvac Lend Lease Village Consortium (MLLVC)	29.5			
Other	7.3	0.6		
	<b>1,079.9</b>	<b>758.8</b>	<b>371.3</b>	<b>201.7</b>

### NON CURRENT

Trade creditors		14.1		
Related party payables				
Other			1,811.0	1,169.1
Controlled entities				
		<b>14.1</b>	<b>1,811.0</b>	<b>1,169.1</b>
	<b>1,079.9</b>	<b>772.9</b>	<b>2,182.3</b>	<b>1,370.8</b>

The increase in trade creditors is mainly due to increased activities in the property development and project management businesses.

Other creditors of \$86.4 million mainly represents the VAT payable on the sale of a 25% interest in Bluewater to the Lend Lease Retail Partnership.

Related party payables for the life insurance entities at 30 June 1998 related mainly to the purchase of MLC Insurance Limited from MLC Limited for \$18.0 million, which was paid during the year.

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

## 16. BORROWINGS AND FINANCING ARRANGEMENTS

### (a) BORROWINGS

#### CURRENT

Unsecured bank loans  
Bank loan secured by interest in Bluewater  
Bank loans secured by joint venture interests

#### NON CURRENT

Unsecured bank loans  
Bank loan secured by interest in Bluewater  
Bank loans secured by Joint Venture interests  
Lend Lease 6.75% Guaranteed Notes due 2005<sup>(1)</sup>

### (b) FINANCE FACILITIES

Lend Lease has access to the following lines of credit:

#### Total Facilities Available

Bank overdrafts  
Standby cash advance facilities  
Commercial paper program  
Bank credit facilities  
Lend Lease 6.75% Guaranteed Notes due 2005<sup>(1)</sup>

#### Facilities Utilised at Balance Date

Bank overdrafts  
Standby cash advance facilities  
Commercial paper program  
Bank credit facilities  
Lend Lease 6.75% Guaranteed Notes due 2005<sup>(1)</sup>

#### Facilities Not Utilised at Balance Date

Bank overdrafts  
Standby cash advance facilities  
Commercial paper program  
Bank credit facilities  
Lend Lease 6.75% Guaranteed Notes due 2005<sup>(1)</sup>

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
	283.1	214.9		
	359.3			
	183.2			
	<b>825.6</b>	<b>214.9</b>		
		365.4		
		493.5		
		53.9		
	384.6	416.7		
	<b>384.6</b>	<b>1,329.5</b>		
	<b>1,210.2</b>	<b>1,544.4</b>		
	23.9	25.1	11.5	11.5
	300.0	300.0	300.0	300.0
	500.0	500.0		
	2,504.6	2,644.2		
	384.6	416.7		
	<b>3,713.1</b>	<b>3,886.0</b>	<b>311.5</b>	<b>311.5</b>
	825.6	1,127.7		
	384.6	416.7		
	<b>1,210.2</b>	<b>1,544.4</b>		
	23.9	25.1	11.5	11.5
	300.0	300.0	300.0	300.0
	500.0	500.0		
	1,679.0	1,516.5		
	<b>2,502.9</b>	<b>2,341.6</b>	<b>311.5</b>	<b>311.5</b>

(1) Decrease in liability due to exchange rate movements.

#### 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.

#### Commercial Paper Program

Lend Lease has a \$500.0 million Australian commercial paper program. The amount drawn under the facility at 30 June 1999 was \$nil (1998 \$nil) after issues of \$560.0 million (1998 \$940.0 million) and redemptions of \$560.0 million (1998 \$980.0 million). The average interest rate paid on the drawings during the year was 4.93% per annum.

#### New Bank Credit Facility

A GBP250.0 million (A\$617.3 million) revolving credit and receivable purchase agreement was established on 24 June 1999 with a syndicate of banks to fund property development projects undertaken by the European business. The facility is intended to fund projects in different stages of development including those which have been pre-sold by Lend Lease. The Dundee development will be financed by the facility with GBP104.0 million (A\$256.8 million) of funding allocated to this project. Interest will be charged at LIBOR plus 1.15% and the amount drawn down at 30 June 1999 was \$nil. The Dundee project allocation of \$256.8 million has been included in total bank credit facilities available. The facility is also being used to finance the Solihull development. Refer to note 26(k) for further details.

	Consolidated	
	1999 \$m	1998 \$m
<b>16. BORROWINGS AND FINANCING ARRANGEMENTS continued</b>		
<b>(b) FINANCE FACILITIES continued</b>		
<b>Bank Credit Facilities</b>		
The amounts drawn from the various facilities at 30 June 1999 were:		
<b>Unsecured Bank Loans</b>		
USD300.0 million syndicated facility at LIBOR plus 0.225%, due September 1999 <sup>(1)</sup>		199.8
USD50.0 million bank facility at LIBOR plus 0.185%, due December 1999 <sup>(2)</sup>	73.4	6.6
GBP140.0 million bank facility at LIBOR plus 0.15% due September 1999 <sup>(3)</sup>	209.7	191.5
GBP80.0 million bank facility at LIBOR plus 0.15% due June 2000 <sup>(4)</sup>		173.9
NZD10.0 million bank facility at 8.66% per annum due March 1999.		8.5
<b>Bank Loan Secured by Interest in Bluewater</b>		
GBP354.0 million secured syndicated bank facility at LIBOR plus 0.925% <sup>(5)</sup>	359.3	493.5
<b>Bank Loans Secured by Joint Venture Interests</b>		
A\$110.0 million secured construction facility for Darling Park at bank bill rate due the earlier of practical completion or April 2000 <sup>(6)</sup>	85.0	32.9
A\$182.1 million secured construction facility for Olympic Village at bank bill rate plus 0.25% <sup>(7)</sup>	98.2	21.0
<b>Total Bank Credit Facilities</b>	<b>825.6</b>	<b>1,127.7</b>
USD 250.0 million Lend Lease 6.75% Guaranteed Notes due 2005	384.6	416.7
<b>Total borrowings</b>	<b>1,210.2</b>	<b>1,544.4</b>

- (1) This facility with a syndicate of banks was established in June 1997 to fund the acquisition of ERE and for general US working capital purposes. The facility was not drawn at 30 June 1999. The facility was reduced from USD400.0 million to USD300.0 million during September 1998 due to the issuance into US debt markets on 30 June 1998 of USD250.0 million 6.75% guaranteed notes due 30 June 2005.
- (2) This bank overdraft facility was increased from USD35.0 million (A\$53.8 million) to USD50.0 million (A\$76.9 million) during December 1998 and is used to finance working capital requirements for the US operations. Interest rate at 30 June 1999 was 5.42% per annum.
- (3) This facility is with a syndicate of banks in the United Kingdom to fund a portion of Lend Lease's interest in Bluewater (refer Note 26(i)). Interest rate at 30 June 1999 was 5.27% per annum. The loan was fully repaid in July 1999.
- (4) This facility is with a syndicate of banks in the United Kingdom for general working capital requirements of the European operations. The facility was not drawn at 30 June 1999.
- (5) 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 26(i)) the debt was fully repaid in July 1999. Details in respect to swap break costs incurred from the early repayment in relation to the fixed rate element of the funding are disclosed at Note 26(i).
- (6) Lend Lease is one of four borrowers party to a \$390.0 million credit facility to fund the construction of Darling Park Stage II. Lend Lease's share of the facility is \$110.0 million and is secured by its respective ownership interest in Darling Park. The interest rate has been fixed through an interest rate swap at 5.29%.
- (7) Lend Lease has a 50% interest in MVIC Finance 2 Pty Limited (MVIC) which has a \$182.1 million credit facility for construction and development of the Olympic Village/Newington (Note 26(d)). Of this facility \$100.0 million is due for repayment in June 2000 and the remaining \$82.1 million is due March 2001. The loan is secured by the assets of MVIC and the interest rate has been fixed through an interest rate swap at 6.50% per annum.

### (c) FINANCING GUARANTEES

Lend Lease is guarantor of a bank loan facility for GBP20.0 million (A\$49.4 million) for Chelverton Properties Limited (refer Note 26(oo)) and USD10.5 million (A\$16.2 million) and USD18.5 million (A\$28.5 million) facilities for Chelverton Properties International NV (refer Note 26(nn)). Lend Lease is also guarantor of a GBP25.0 million (A\$61.7 million) revolving credit facility for THI Plc and a GBP3.4 million (A\$8.4 million) loan facility for LL THI Clacton Partnership.

Lend Lease is guarantor of lease debtors of MLC Limited's Statutory Funds (MLC). The guarantee is in the form of an option for MLC to put lease debts and outstanding interest to Lend Lease, in the event that amounts are doubtful for collection. The lease debts are administered by MedFin Australia Pty Ltd, a controlled entity of Lend Lease. The total value, including future interest, of the MLC lease debtors as at 30 June 1998 was \$259.0 million (June 1998 \$150.9 million). No amounts are considered to be doubtful debts.

## 16. BORROWINGS AND FINANCING ARRANGEMENTS continued

### (c) FINANCING GUARANTEES continued

Lend Lease Corporation has given guarantees of \$667.7 million (1998 \$997.0 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.

## 17. PROVISIONS

### CURRENT

Dividends (Note 6)

Employee benefits

Income tax (Note 5(b))

Maintenance and warranty

Other

### NON CURRENT

Deferred income tax (Note 5(c))

Employee benefits

Maintenance and warranty

Other

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Dividends (Note 6)	156.3	135.9	156.3	135.9
Employee benefits	29.9	26.8	0.5	0.4
Income tax (Note 5(b))	73.9	95.6	8.7	0.9
Maintenance and warranty	26.3	9.4		
Other	62.5	51.7		
	<b>348.9</b>	<b>319.4</b>	<b>165.5</b>	<b>137.2</b>
Deferred income tax (Note 5(c))	128.6	102.4	0.3	0.4
Employee benefits	40.4	43.4	0.4	0.3
Maintenance and warranty		10.0		
Other	13.2	9.7		
	<b>182.2</b>	<b>165.5</b>	<b>0.7</b>	<b>0.7</b>
	<b>531.1</b>	<b>484.9</b>	<b>166.2</b>	<b>137.9</b>

Other provisions of \$75.7 million is comprised of a number of provisions, each not exceeding \$12.0 million raised in relation to specific items not otherwise provided for in these Financial Statements.

The maintenance and warranty provision of \$26.3 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 related to the current high workload levels in the project management business. The non current maintenance and warranty provision at June 1998 was reclassified as current at June 1999.

## 18. OTHER LIABILITIES

### CURRENT

Deferred settlement on acquisition

Associate

Development properties

Bluewater lease liability

Finance lease liability

Forward foreign exchange contracts

Other

### NON CURRENT

Deferred settlement on acquisition

Associate

Development properties

Controlled entity

Bluewater lease liability

Finance lease liability

Westpac share lending collateral

Other

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Deferred settlement on acquisition				
Associate	37.5	4.2		
Development properties	27.2	12.0		
Bluewater lease liability	16.5			
Finance lease liability	3.7			
Forward foreign exchange contracts	93.5	137.8		
Other	19.1	4.5		
	<b>197.5</b>	<b>158.5</b>		
Deferred settlement on acquisition				
Associate		4.2		
Development properties	85.7	95.6		
Controlled entity	0.9	167.3		
Bluewater lease liability	304.1			
Finance lease liability	6.3			
Westpac share lending collateral	402.2			
Other	4.5	5.6		
	<b>803.7</b>	<b>272.7</b>		
	<b>1,001.2</b>	<b>431.2</b>		

## 18. OTHER LIABILITIES continued

The current deferred settlement on acquisition of an associate of \$37.5 million is for the balance of consideration for a 50% interest in Capital Plus (Arrabida Shopping Centre). The consideration is due to be paid on 22 December 1999 and is unconditional.

Current and non current deferred settlement on acquisition of development properties comprises deferred land payments for Bluewater (\$37.0 million), Jacksons Landing (\$35.8 million), and deferred payment for the Overgate Centre, Dundee (\$40.1 million). The Jacksons Landing liability comprises the principal amount of \$35.8 million with interest payable at 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 (refer Note 26(i)).

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 strengthening of the Australian dollar against the United States dollar and the Great British pound during the year.

The decrease in non current deferred settlement on acquisition of controlled entity is a result of the payment of the deferred settlement on 2 October 1998 to Equitable Life. The balance relates to the acquisition of the Larry Smith Group due in 2001.

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 (refer Note 12).

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

## 19. SHARE CAPITAL

Consolidated		Company	
1999	1998	1999	1998
\$m	\$m	\$m	\$m
1,262.0	125.8	1,262.0	125.8

	Company	
	No. of Shares m	\$m
Issued at 30 June 1998	251.7	125.8
Transferred from share premium reserve (Note 20)		1,186.4
Issues and buy backs during the year:		
Issues for		
Dividend reinvestment plan	2.6	67.0
Share purchase plan	0.7	18.0
Share election plan <sup>(1)</sup>	0.8	
Share buy backs	(4.9)	(136.1)
Allocation to Lend Lease Employee Share Plans (Note23(g))	1.1	0.9
Bonus issue	252.2	
<b>Issued at 30 June 1999</b>	<b>504.2</b>	<b>1,262.0</b>

(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.

The Company Law Review Act 1998 came into effect on 1 July 1998. The act abolished the par value of shares and any amount standing to the credit of the share premium reserve became part of the company's share capital on 1 July 1998.

As approved by shareholders, effective from 31 October 1996 the company implemented a Share Accumulation Plan, a key feature of which was a share buyback program whereby the number of shares bought back is 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, 4.1 million shares were issued under these plans.

4.9 million shares were repurchased through the share buy back program which re-acquired 4.1 million shares issued for the year ending 30 June 1999 plus 0.8 million shares issued during the year to 30 June 1998 that were not repurchased during that year.

The increase in the number of shares on issue during the year results from the allocation to the Lend Lease Employee Share Plans (1.1 million shares) and a one for one bonus issue which occurred on 23 December 1998 for all shareholders registered at 9 December 1998 (252.2 million shares).



## 22. CONTINGENT LIABILITIES continued

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\$1,030.8 million). The exercise price of the put option is USD10.0 million (A\$15.4 million), increasing by USD1.0 million (A\$1.5 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\$23.1 million) plus 90% of LL Rosen valuation in excess of USD15.0 million (A\$23.1 million). At 30 June 1999 assets under management exceeded USD848.6 million, however, the put option had not been exercised.

Lend Lease has committed to provide some commercial support to the owners of Greensborough Shopping Centre. Lend Lease has spent \$10.5 million and is currently committed to spend a further \$9.5 million on reformulating the centre to improve the centre's trading performance, which is fully provided for in the financial statements.

Contingencies and claims (other than items included above and in Notes 16 and 25), 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.

## 23. COMMITMENTS

### (a) OPERATING LEASES

Estimated aggregate amount of operating lease expenditure agreed or contracted but not provided for in the financial statements:

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Land and buildings				
Self occupied	234.4	233.3	62.4	72.7
Development projects	0.5	135.1		
Plant and equipment	23.7	76.6	5.7	9.0
	<b>258.6</b>	<b>445.0</b>	<b>68.1</b>	<b>81.7</b>
Due within 1 year	55.3	100.8	14.9	14.6
Due between 1 and 2 years	49.3	71.2	15.3	14.9
Due between 2 and 5 years	106.4	163.5	36.3	43.7
Due later than 5 years	47.6	109.5	1.6	8.5
	<b>258.6</b>	<b>445.0</b>	<b>68.1</b>	<b>81.7</b>

Lease commitments for development projects for 1998 was mainly comprised of estimated contract rent commitments in respect of Bluewater as scheduled up to 2005. The 1999 commitments for development projects exclude Bluewater as the commitments have been provided for in these financial statements (refer Note 26(i)).

### (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

### (c) CONTROLLED ENTITIES

At balance date the aggregate amount of expenditure contracted within the next year but not provided for in the financial statements

	Consolidated		Company	
Note	1999 \$m	1998 \$m	1999 \$m	1998 \$m
		0.1		
	<b>54.3</b>			

	Note	Consolidated		Company	
		1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>23. COMMITMENTS continued</b>					
<b>(d) FINANCE LEASE COMMITMENTS</b>					
At balance date the aggregate amount of finance leases contracted:					
Due within 1 year		4.2			
Due between 1 and 2 years		4.2			
Due between 2 and 5 years		2.3			
		10.7			
Less future lease finance charges		(0.7)			
		<b>10.0</b>			
Lease liabilities provided for in the financial statements:					
Current	18	3.7			
Non Current	18	6.3			
		<b>10.0</b>			
<b>(e) INVESTMENTS</b>					
At balance date capital commitments existed in respect of interests in partnerships and investments, or joint ventures contracted but not provided for in the financial statements:					
Due within 1 year					
Bulwer Island Energy Partnership	26(m)	21.0			
Lend Lease Asia Water Trust	26(cc)	24.6	27.5	24.6	27.5
Infrastructure Investment Corporation Limited	26(o)	16.5	16.5	16.5	16.5
Lend Lease Real Estate Partners I Ltd		5.0			
Vestar Glendale Joint Venture	26(u)	2.2	2.8		
Mirvac Lend Lease Village Consortium	26(d)	8.5	32.8		
LLNHP Partnership	26(jj)		8.5		
Advantra Pty Limited	26(p)		5.0		5.0
Vestar Long Beach Joint Venture	26(t)	4.9	4.2		
Yarmouth Capital Partners II	26(g)	11.1	17.2		
Value Enhancement Fund III	26(w)	8.9	14.0		
Lend Lease Global Property Fund	26(ll)	66.4			
Other		0.9	2.2		
Due between 1 and 2 years					
Mirvac Lend Lease Village Consortium	26(d)	16.5	8.5		
Value Enhancement Fund III	26(w)		5.5		
Bulwer Island Energy Partnership	26(m)	2.0			
Due between 2 and 5 years					
LL Retail Partnership	26(nn)	24.0			
Mirvac Lend Lease Village Consortium	26(d)		16.5		
Asia Pacific Investment Company	26(bb)	23.1	52.8		
		<b>235.6</b>	<b>214.0</b>	<b>41.1</b>	<b>49.0</b>

**(f) SUPERANNUATION**

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.

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.

## 23. COMMITMENTS continued

### (f) SUPERANNUATION continued

Other than one major fund in Australia, the size of the minor funds is not significant separately or in aggregate and therefore further disclosures are only in respect of the major or principal fund. The actuary of the principal fund at the end of the financial year was G. Holley, F.I.A.A.. Actuarial assessments in relation to this major fund are carried out at least every three years and the latest actuarial assessment of the major fund was carried out at 1 January 1997.

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

	1999 \$m	1998 \$m
Fund assets at net market value at balance date <sup>(1)</sup>	394.7	353.2
Accrued benefits at 1 January 1997 <sup>(1)</sup>	318.2	318.2
<b>Excess of fund assets over accrued benefits</b>	<b>76.5</b>	<b>35.0</b>
Vested benefits at balance date	231.8	215.4
Lend Lease contributions to the fund	1.4	2.0
Lend Lease contributions payable to the fund	0.6	

(1) Accrued benefits have been determined based on the amount calculated by the actuary at the date of the most recent actuarial review, being 1 January 1997. Accrued benefits are benefits which the fund is presently obliged to pay at some future date, as a result of membership of the fund and include an allowance for the present value of future service of \$117.0 million (1998 \$117.0 million) as calculated by the actuary.

### 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 1999 the accrued benefits approximated the assets held by the pension plans. In accordance with generally accepted accounting principles for the USA, any actuarial determined short fall in current funding of health care and retirement obligations would be recorded as a liability in the financial statements.

### (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 in excess of 13% of the issued capital of Lend Lease - such ownership the Board believes contributes to the continued success of the Group.

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 1,255,488 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 were previously issued to the Plan at 50 cents per share value from the 0.5% of issued capital mentioned above.

## 23. COMMITMENTS continued

### (g) LEND LEASE EMPLOYEE SHARE PLANS continued

#### 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. The Plan is available to all US employees of Lend Lease. 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 based on individual, or departmental performance or corporate profit share basis. 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 UK pound, Euro and Australian dollar exchange rates.

## 24. NOTES TO THE STATEMENT OF CASH FLOWS

### (a) RECONCILIATION OF OPERATING PROFIT AFTER TAX TO NET CASH PROVIDED OPERATING ACTIVITIES

#### Operating profit after income tax

	Consolidated		Company	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Operating profit after income tax	420.4	363.9	209.2	269.1
Amortisation and depreciation	26.9	20.5	1.9	1.7
Gain on sale of fixed assets and investments	(58.0)	(192.0)	1.6	(0.6)
Gain on sale of controlled entity - COMPASS	(18.0)			
Foreign exchange (gain)/loss and currency hedging costs	3.8	37.1	(27.7)	25.9
Net movement in provisions	(0.4)	99.5	16.8	78.7

#### Net cash provided by operating activities before changes in assets and liabilities

(Increase)/decrease in receivables	(138.1)	(400.4)	(38.9)	(2.7)
(Increase)/decrease in inventories	(613.8)	(488.4)		
(Increase)/decrease in other assets	0.7	(10.3)		
Increase/(decrease) in creditors	335.3	298.5	(2.2)	(27.8)
Increase/(decrease) in other liabilities	325.6	2.3		
(Increase)/decrease in deferred tax items	18.4	(36.4)	7.4	(49.8)

#### Net cash provided by operating activities

	<b>374.7</b>	<b>329.0</b>	<b>201.8</b>	<b>374.8</b>
	<b>302.8</b>	<b>(305.7)</b>	<b>168.1</b>	<b>294.5</b>

## 24. NOTES TO THE STATEMENT OF CASH FLOWS continued

### (b) SUPPLEMENTARY INFORMATION

Property development receipts and expenditure:

	Receipts		Expenditure	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
Bluewater	1,103.8	2.1	730.0	413.0
Olympic Village/Newington	20.6		130.2	
Touchwood Court, Solihull	74.1		53.3	41.1
Darling Park, Sydney	8.3	7.2	52.2	18.1
88 Phillip Street/155 Macquarie Street, Sydney	1.7	71.7	48.7	31.9
Overgate Centre, Dundee			45.2	81.3
Tally Ho	22.7	6.5	20.7	
AUSLIG			16.8	
Norwich			14.5	
Admiralty Industrial Park	33.3	59.6	4.5	
Jacksons Landing	2.5	5.0	1.4	
Other	58.2	41.7	65.5	54.5
	<b>1,325.2</b>	<b>193.8</b>	<b>1,183.0</b>	<b>639.9</b>

Dividends received includes dividends from Westpac (\$9.5 million) and IBMGSA (\$8.5 million).

Distributions from partnerships mainly comprised distributions received from Prospect Water Partnership (\$7.4 million) and King of Prussia Associates (\$7.0 million).

Cash received from share of profit of statutory funds for June 1999 comprises final distributions for the 1998 year (\$24.6 million) as well as an interim distribution for the 1999 year (\$128.0 million).

Proceeds from the sale of investments in financial services institutions comprises dividends received of \$43.0 million (June 1998 \$39.0 million) on 100 million shares subject to a forward sale agreement which are taken up as proceeds on sale (Note 1(c)).

Proceeds on sale of investments totalling \$152.1 million comprised Park City, Inc (\$41.1 million), USPPI (\$35.2 million), Hoyts Cinemas shares (\$28.3 million), LLNHP Partnership (\$13.1 million), Tower and Appin Power partnership (\$12.7 million), and others (\$21.7 million). USPPI proceeds represents cash received from prior year sale.

Purchases of investments totalling \$239.4 million comprised investments in APPF units (\$39.2 million), Lend Lease Retail Partnership (\$37.7 million), APIC (\$25.5 million), coolsavings.com, Inc (\$21.0 million), PLUM Financial Services (\$18.0 million), Whitecliff Properties (\$17.4 million), Lend Lease Global Properties (\$10.3 million), VEFIII (\$9.7 million), Morrison & Co (\$8.2 million), Advantra (\$6.4 million) and other investments (\$46.0 million).

Loans issued to associate of \$21.5 million is a short term loan to Chelverton Properties Limited.

	\$m
Proceeds on sale of controlled entities	
Details of the sale of the COMPASS business are as follows:	
Cash in entities at sale date	16.3
Other net assets of entities disposed	261.7
Profit before tax	18.0
Consideration received in cash	<b>296.0</b>

Proceeds from borrowings totalling \$1,633.5 million were mainly comprised of:

- \$432.3 million in North America for working capital requirements; \$812.5 million in the United Kingdom for development projects including Bluewater project (Note 26(i)), Overgate Centre, Dundee and Touchwood, Solihull;
- \$240.0 million of issues under the domestic commercial paper program;
- \$52.1 million in funding for the Darling Park development; and
- \$77.2 million in funding for the Olympic Village development.

Repayments of borrowings totalling \$1,845.2 million were mainly comprised of the repayment of facilities in North America \$554.4 million, Europe \$1,037.9 million and repayments of domestic commercial paper \$240.0 million.

Final dividend paid for June 1998 and net proceeds from share issues include the amount of dividends foregone pursuant to Share Election Plan of \$22.4 million (1998 \$27.7 million).

## 24. NOTES TO THE STATEMENT OF CASH FLOWS continued

### (c) ACQUISITION OF CONTROLLED ENTITIES

Payments for acquisition of controlled entities comprised:

	Notes	1999 \$m	1998 \$m
ERE – deferred settlement <sup>(1)</sup>	18	165.1	25.8
Crystal Group		32.8	
Rosen Consulting Group		20.1	
FlexiPlan	11	3.9	12.5
Other		3.0	9.3
		<b>224.9</b>	<b>47.6</b>

- (1) On 10 June 1997, Lend Lease acquired 100% of the common stock of Equitable Real Estate Investment Management, Inc. and Equitable Agribusiness, Inc. together with their respective controlled entities (ERE). \$165.1 million (USD100.0 million) was provided as a non current deferred settlement due in 2005. The ERE acquisition agreement required the settlement of this amount if a significant part of the ERE business was sold. This amount was therefore repaid on the sale of COMPASS.

## 25. 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 the 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 has been established to manage 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(q)).

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

	Portion Hedged Year Ended 30 June 2000	Portion Hedged Year Ended 30 June 2001
<b>Foreign Operations</b>		
USA	90%	70%
UK	90%	70%
Asia	90%	70%

During the year ended 30 June 1999 Lend Lease maintained a fully hedged position in relation to its net asset foreign currency exposures for Singapore Dollars. The net asset exposure to the United States Dollar was hedged to 72% and Great British Pounds 96%. The remaining foreign currency denominated net asset positions were not hedged as these exposures were not significant.

## 25. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

### (a) FOREIGN CURRENCY RISK continued

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 Under contracts	
	1999 (A\$1=)	1998 (A\$1=)	1999 \$000's	1998 \$000's
<b>Contracts to Sell US Dollars at an agreed exchange rate</b>				
Not later than one year	0.78	0.78	365.0	351.8
Later than one year but not later than 2 years	0.61	0.66	28.3	24.2
<b>Contracts to Sell Great British Pounds at an agreed exchange rate</b>				
Not later than one year	0.44	0.48	347.0	192.9
Later than one year but not later than two years	0.39	0.42	73.3	21.1
<b>Contracts to Sell Singapore Dollars at an agreed exchange rate</b>				
Not later than one year	1.08	1.13	73.3	75.4
Later than one year but not later than two years	1.10	-	5.1	-
<b>Contracts to Buy Singapore Dollars at an agreed exchange rate</b>				
Not later than one year	1.00	-	(2.9)	-
Later than one year but not later than two years	0.99	-	(4.4)	-
<b>Contracts to Sell Indian Rupees at an agreed exchange rate</b>				
Not later than one year	28.7	-	7.7	-
<b>Contracts to Buy Indian Rupees at an agreed exchange rate</b>				
Not later than one year	28.0	-	(0.7)	-
<b>Contracts to Sell New Zealand Dollars at an agreed exchange rate</b>				
Not later than one year	1.18	-	20.9	-
<b>Contracts to Sell Indonesian Rupiah at an agreed exchange rate</b>				
Not later than one year	-	2,503.25	-	36.8
<b>Contracts to Sell Thai Baht at an agreed exchange rate</b>				
Not later than one year	-	27.84	-	9.7

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 balance sheet. At 30 June 1999 Lend Lease had a liability of \$93.5 million (1998 \$137.8 million) in respect to the above contracts (refer Note 18).

### (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 list of counterparties that are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The list also provides individual credit limits for each counterparty. The use of any counterparty not on the list requires board approval.

#### On Balance Sheet Financial Instruments

The credit risk on financial assets which have been recognised on the balance sheet, 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.

#### Off Balance Sheet Financial Instruments

Credit risk on off balance sheet derivative contracts is minimised as dealing is only 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 25(a).

## 25. 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 <sup>(1)</sup>	Floating Interest Rate \$m	Fixed Interest Maturing In			Non Interest Bearing \$m	Total \$m
				1 Year or Less \$m	Over 1 to 5 Years \$m	More than 5 Years \$m		
<b>1999</b>								
<b>Financial Assets</b>								
Cash	7	4.72%	462.0	148.5			10.2	620.7
Receivables	8	9.44%	3.2	12.6	21.4		973.9	1,011.1
Investments	10, 12						2,658.1	2,658.1
			<b>465.2</b>	<b>161.1</b>	<b>21.4</b>		<b>3,642.2</b>	<b>4,289.9</b>
<b>Financial Liabilities</b>								
Creditors	15						981.8	981.8
Borrowings	16	7.29%	466.3	359.3		384.6		1,210.2
Other liabilities	18	9.40%		26.5	340.0		519.0	885.5
Dividends payable	17						156.3	156.3
Employee entitlements <sup>(3)</sup>	17	9.00%					62.2	62.2
			<b>466.3</b>	<b>385.8</b>	<b>340.0</b>	<b>384.6</b>	<b>1,719.3</b>	<b>3,296.0</b>
<b>Net financial assets and liabilities</b>			<b>(1.1)</b>	<b>(224.7)</b>	<b>(318.6)</b>	<b>(384.6)</b>	<b>1,922.9</b>	<b>993.9</b>
Interest rate swaps <sup>(2)</sup>	16		(186.4)	126.4	60.0			
<b>1998</b>								
<b>Financial Assets</b>								
Cash	7	6.15%	466.7				14.9	481.6
Receivables	8	10.12%	3.6	12.0	37.7		923.8	977.1
Investments	10						2,527.3	2,527.3
			<b>470.3</b>	<b>12.0</b>	<b>37.7</b>		<b>3,466.0</b>	<b>3,986.0</b>
<b>Financial Liabilities</b>								
Creditors	15						749.1	749.1
Borrowings	16	7.27%	769.4	8.5	21.0	745.5		1,544.4
Other liabilities	18	8.06%		12.0	33.0	167.3	158.3	370.6
Dividends payable	17						135.9	135.9
Employee entitlements <sup>(3)</sup>	17	9.00%					64.2	64.2
			<b>769.4</b>	<b>20.5</b>	<b>54.0</b>	<b>912.8</b>	<b>1,107.5</b>	<b>2,864.2</b>
<b>Net financial assets and liabilities</b>			<b>(299.1)</b>	<b>(8.5)</b>	<b>(16.3)</b>	<b>(912.8)</b>	<b>2,358.5</b>	<b>1,121.8</b>
Interest rate swaps	16		(34.3)		34.3			

(1) Does not include non interest bearing financial instruments.

(2) Refers to the notional principal amounts for the interest rate swaps in place for the Darling Park and Olympic Village debt facilities.

(3) Discount rate applied to Long Service Leave Liability.

The above financial instruments include borrowings of \$752.2 million (1998 \$858.6 million) to fund the purchase and construction of property development inventories, however, the assets related to the borrowings totalling \$1,429.4 million (1998 \$1,044.7 million) are not included within the financial assets.

## 25. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

### (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.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date (refer also to Notes 10 and 11). 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 10 and 11).

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

	Consolidated 1999		Consolidated 1998	
	Carrying Amount \$m	Net Fair Value \$m	Carrying Amount \$m	Net Fair Value \$m
<b>Financial Assets</b>				
Cash	620.7	620.7	481.6	481.6
Receivables	1,011.1	1,011.1	977.1	977.1
Investments traded	214.4	482.2	234.3	482.4
Investments – non traded	2,443.7	3,153.0	2,293.0	3,004.0
	<b>4,289.9</b>	<b>5,267.0</b>	<b>3,986.0</b>	<b>4,945.1</b>
<b>Financial Liabilities</b>				
Creditors	981.8	981.8	749.1	749.1
Borrowings	1,210.2	1,210.2	1,544.4	1,544.4
Other liabilities	885.5	885.5	370.6	370.6
Dividends payable	156.3	156.3	135.9	135.9
Employee entitlements	62.2	62.2	64.2	64.2
	<b>3,296.0</b>	<b>3,296.0</b>	<b>2,864.2</b>	<b>2,864.2</b>

#### Off Balance Sheet Financial Instruments

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 1999 carrying value of \$nil approximates net fair value.

The gross assets and liabilities relating to forward exchange contracts are not recorded on the balance sheet at 30 June 1999. The balances relating to forward foreign exchange contracts included in other liabilities above (refer Note 18), 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 Corporation and certain of its controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in Note 22.

The net fair value of off-balance sheet financial instruments held by Lend Lease at 30 June 1999 are:

	Consolidated 1999		Consolidated 1998	
	Carrying Amount \$m	Net Fair Value \$m	Carrying Amount \$m	Net Fair Value \$m
<b>Financial Liabilities</b>				
Forward foreign exchange contracts	93.5	93.5	149.9	149.9
Interest rate swaps		1.5		
	<b>93.5</b>	<b>95.0</b>	<b>149.9</b>	<b>149.9</b>

	Note	Contribution to Operating Profit After Tax		Book Value		
		1999 \$m	1998 \$m	1999 \$m	1998 \$m	
<b>26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS &amp; INVESTMENTS</b>						
<b>SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS</b>						
<b>Australia &amp; Pacific</b>						
(a)	Darling Park Joint Ventures <sup>(1)</sup>	9	5.6	7.4	238.6	191.3
(b)	88 Phillip Street, Sydney (155 Macquarie Street) <sup>(1)</sup>	9	8.0	7.9	108.9	60.2
(c)	Fox Studios Joint Venture <sup>(1)</sup>	10	1.4	1.6	46.0	48.9
(d)	Olympic Village/Newington <sup>(1)</sup>	9	1.1	0.7	194.5	45.4
(e)	Jacksons Landing (Pyrmont) <sup>(1)</sup>	8,9	0.5	2.6	74.0	51.9
<b>North America</b>						
(f)	King of Prussia Associates <sup>(2)</sup>	10	9.9	9.1	182.8	187.2
(g)	Yarmouth Capital Partners Limited Partnership II <sup>(2)</sup>	10			63.4	65.7
(h)	Park City, Inc <sup>(3)</sup>	10	3.2			41.7
<b>Europe</b>						
(i)	Bluewater <sup>(4)</sup>	9	175.9	20.9	1,129.3	739.9
(j)	The Overgate Centre, Dundee <sup>(5)</sup>	9			178.1	129.6
(k)	Touchwood Court, Solihull <sup>(6)</sup>	8			29.5	46.1

(1) The movement in book value relates to development expenditure incurred during the year.

(2) The movement in book value is due to currency fluctuations and Lend Lease's share of partnership surplus not yet received.

(3) Sold during the year.

(4) The movement in book value mainly represents development expenditure on the entire Bluewater project less the costs relating to sales during the year (refer Note 26(i)) and currency fluctuations.

(5) The movement in book value is a combination of development expenditure incurred during the period and currency fluctuations.

(6) The movement in book value is a combination of currency fluctuations, development expenditure and the sale of land component.

#### **Australia & Pacific**

##### **(a) Darling Park Joint Ventures**

At 30 June 1999 Lend Lease held a 30% (1998 30%) interest in Darling Park Stages I & II Joint Venture and a 60% interest in Darling Park Stage III Joint Venture. Darling Park Trust has 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 is property development at Darling Harbour, Sydney known as Darling Park.

Stages I and II consist 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. Stage II is currently under construction with the office tower component (approximately 52,000 square metres of total space) partially (81%) leased to Nestlé and PricewaterhouseCoopers. These parties have options to increase their tenancies in aggregate to 100% of the building. The tower is due for completion in late 1999. The waterfront retail and leisure opened in October 1998 (100% leased on opening).

Stage III is currently vacant land that may be developed at a later date depending upon demand. At 30 June 1999 Lend Lease had approximately \$27.6 million to be spent on Stage II. Lend Lease's interest in the assets and liabilities of the joint ventures is as follows:

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Australia & Pacific continued

##### (a) *Darling Park Joint Ventures continued*

	June 1999 \$m	June 1998 \$m
<b>Current assets</b>		
Cash	0.1	1.9
Receivables	0.1	
<b>Total current assets</b>	<b>0.2</b>	<b>1.9</b>
<b>Non current assets</b>		
Inventories - Property held for resale at cost	238.6	191.3
<b>Total assets</b>	<b>238.8</b>	<b>193.2</b>
<b>Current liabilities</b>		
Creditors	88.5	38.0
<b>Total liabilities</b>	<b>88.5</b>	<b>38.0</b>
<b>Net assets</b>	<b>150.3</b>	<b>155.2</b>
Property held for resale comprises:		
Cost of acquisition	48.3	48.3
Development expenses	27.3	19.8
Construction expenses	155.9	114.2
Rates, taxes and interest capitalised	7.1	9.0
	<b>238.6</b>	<b>191.3</b>

During the year Lend Lease undertook project management and construction work for the Darling Park Joint Venture to a contractual value of \$138.0 million (1998 \$95.5 million). This work was carried out on an arm's length commercial basis which was independently certified as fair and reasonable.

##### (b) *88 Phillip Street, Sydney (155 Macquarie Street)*

88 Phillip Street is the development of 44,000 square metres of office space over 37 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 1999 82% of the residential units have been pre-sold. At 30 June 1999 26% and 32% of the 88 Phillip Street commercial tower was leased to Minter Ellison (Solicitors) and ABN Amro respectively. Lend Lease's total costs in the joint venture at completion are expected to be \$208.0 million.

##### (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 remainder of the project is due to be completed in late 1999. Lend Lease is providing development and operational management expertise for the project's entertainment and studio tour precincts as well as design and construction services to the joint venture. During the year Lend Lease provided development management services and project management and construction services to the joint venture to a value of \$142.0 million (1998 \$10.5 million). This work was carried out on an arm's length commercial basis which was independently certified as fair and reasonable.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Australia & Pacific continued

##### (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.

At 30 June 1999 Lend Lease's interest in Olympic Village/Newington amounted to \$194.5 million (1998 \$45.4 million). Marketing for the development commenced in September 1998. The project has launched 178 dwellings under Stage 1 of the project, of which 136 had been sold at 30 June 1999. Over the 9 year life of the project, 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. Lend Lease has given an unconditional performance guarantee of \$450.0 million to the Sydney Olympics Authority in relation to the provision of accommodation for the Sydney Olympic Games in September 2000.

##### (e) *Jacksons Landing (Pymont)*

Jacksons Landing involves the redevelopment of a 12 hectare site on the Pymont 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 \$450.0 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 had released 355 units to the market of which 84 were sold at 30 June 1999.

#### 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.

	US millions
Initial cost of acquiring 50% interest in partnership	109.2
Share of accumulated partnership surpluses	24.5
Share of partnership distributions	(14.9)
<b>Interest at 30 June 1999</b>	<b>118.8</b>

##### (g) *Yarmouth Capital Partners Limited Partnership II (YCP II)*

Lend Lease is the general partner of YCP II, a limited partnership established in the United States whose principal business is real estate investment. Lend Lease has a 22.2% interest in YCP II 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 YCP II, receiving fees of \$3.4 million (1998 \$3.5 million) during the year. During the year Lend Lease invested an additional USD1.8 million (A\$2.9 million).

#### North America

##### (h) *Park City, Inc. (PCI)*

During the period Lend Lease sold its 49.9% interest in PCI, incorporated in USA. PCI's principal activity was the ownership of a 50% interest in a trust that owned the Park City Shopping Centre in Pennsylvania, USA which was sold in June 1998. The trust was wound up during the year ended 30 June 1999, and Lend Lease realised a profit after tax of \$3.2 million.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Europe

##### (i) *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 operated by Hoyts which opened in June 1999. At 30 June 1999 99% of the total space was let. Lend Lease is the manager of Bluewater. Since opening Bluewater's sales have been in line with expectations.

##### *Financing Structure*

The majority of the Bluewater development costs were funded by debt (refer Note 16). The plant and equipment component of the development totalling GBP82.2 million (A\$203.0 million) was financed under a head lease with an Investor Syndicate (the "Syndicate") comprising Lloyds Leasing Limited, Barclays Mercantile Business Finance Limited and Royal Bank Leasing Limited. The head lease was altered from the original structure in the prior year (refer June 1998 Financial Statements for full details).

The terms of the head lease require Lend Lease to retain a minimum interest in the Bluewater net operating income ("NOI") sufficient to service payments under the head lease to the Syndicate. This minimum interest is approximately 30%, subject to the quantum of the NOI.

Lend Lease also has call options on the plant and equipment lease with the Syndicate, exercisable in the years 2005, 2009 or 2011, with the purchase price to be determined in accordance with an agreed formula.

The payments under the plant and equipment head lease have been capitalised into the cost base of Bluewater. Therefore both the capital component and the future lease finance costs have been recognised as a liability on the Balance Sheet.

##### *Development Costs and Profit*

The total cost of the development was GBP750.2 million (A\$1,852.3 million) excluding any profit share that may be payable to Blue Circle Industries Plc ("BCI") (refer below). The total cost comprised GBP491.3 million (A\$1,213.1 million) for design & construction costs, other development costs of GBP152.0 million (A\$375.3 million) and financing costs of GBP106.9 million (A\$263.9 million). Financing costs comprised capitalised interest GBP23.3 million, head lease finance costs GBP48.8 million and interest swap break costs GBP34.8 million. Interest costs have been capitalised up to the date Bluewater was opened, after which any further interest costs will be expensed as incurred. The financing costs relating to the head lease have been capitalised in the Bluewater cost base (refer above and Note 18). The interest swap break costs of GBP34.8 million relate to fixed rate funding required by the Syndicate which had to be broken to achieve the sale of additional interests in Bluewater.

Development costs have increased GBP43.3 million (excluding financing costs) since 30 June 1998. This increase related to costs associated with the early disposals of interests in Bluewater; infrastructure improvements; the costs of resourcing the asset management and centre marketing teams at an earlier stage than originally anticipated; the inclusion of the centre marketing costs up to Christmas 1999; minor acceleration costs to achieve the scheduled opening date; and the increase in warranty provisions.

The partnership agreement with BCI provides for the payment of profit share to BCI up to a maximum amount of GBP50.0 million after Lend Lease has received a certain agreed priority return in excess of the total development costs. The Bluewater cost base does not include any profit share which may be paid to BCI since it would not arise before Lend Lease disposes of its remaining 30% interest, which under existing contractual arrangements cannot take place before 2005, and is contingent on proceeds from sale which cannot be reliably determined at this stage.

Lend Lease has signed agreements to sell in total 70% of Bluewater and will retain a 30% direct interest. The initial 15% interest sold to Prudential (a conditional sale agreement signed in November 1996) was at a value significantly below the June 1998 valuation (GBP1,120.0 million), but reflected the risks associated with the development at that point in time. The subsequent sale of a 20% interest (in two 10% tranches) to Prudential was at a small discount to the June 1998 valuation. The sales of a 25% interest to the Retail Partnership for GBP280.0 million and 10% interest to Hermes for GBP112.0 million were both at the June 1998 valuation.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Europe continued

##### (i) *Bluewater continued*

The table below summaries the sales and sets out the timing of the expected profit emergence from Bluewater.

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%	1 <sup>st</sup> tranche of 20% sale – July 1999	1999/2000
Hermes	10%	July 1999; GBP112.0 million	1999/2000
Prudential *	10%	2 <sup>nd</sup> 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 terms of the sales to Prudential are confidential.

The profit after tax for the year ended 30 June 1999 includes GBP65.1 million (A\$172.3 million) in relation to both the sale of the 25% interest to the Lend Lease Retail Partnership and the balance of the profit from the sale of the initial 15% interest to Prudential (which is in addition to the amount recognised in the 1997/98 financial year of GBP6.2 million (A\$15.0 million)).

Prudential retains an option to acquire a further 15% interest in the Bluewater NOI at a pre-agreed price formula, should Lend Lease exercise one of the call options under the head lease with the Syndicate.

The dispositions of interests in the Bluewater NOI allowed the repayment of all remaining debt relating to Bluewater in July 1999.

At 30 June 1999 the Bluewater inventory value of GBP457.4 million (A\$1,129.3 million) represents total development costs net of costs expensed against the disposal of the 15% interest to the Prudential and the 25% interest to the Lend Lease Retail Partnership. Of the balance at 30 June 1999 approximately GBP228.7 million (A\$564.6 million) will be reduced in future periods with the disposal of a further 20% interest to Prudential and a 10% interest to Hermes.

#### *Valuation*

The whole Centre has been valued by Paul Wolfenden FRICS, a Director of DTZ Debenham Thorpe, Chartered Surveyors and International Property Advisors, London, at GBP1,135.0 million (A\$2,802.5 million) (June 1998: GBP1,120.0 million (A\$2,765.4 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 1999. The valuation report was dated 23 July 1999.

Given the actual and committed sales of a total of 70% of Bluewater at 30 June 1999, the above valuation should not be relied upon to determine Lend Lease's ultimate profitability from Bluewater. The ultimate profit 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

##### (j) *The Overgate Centre, Dundee, UK*

The Overgate Centre (the Centre) is the main shopping centre located in Dundee, Scotland. Lend Lease owns the leasehold of the existing Centre and will redevelop the Centre as a regional centre and therefore is responsible for the design, construction and leasing of the Centre. The Centre has been scaled back from that disclosed in the 30 June 1998 financial statements to 400,000 sq. ft. of retail space (June 1998 590,000). The removal of the leisure component from the project resulted from analysis that indicated the smaller, retail only Centre would be more suited to the surrounding demographics and provide a better return to Lend Lease.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Europe continued

*(j) The Overgate Centre, Dundee, UK*

The Centre will be anchored by a Debenhams department store and at 30 June 1999 approximately 52.3% of the total space was let, which is in line with the leasing plan. The total development cost is expected to be approximately GBP119.0 million (A\$293.8 million), which excludes finance costs. Enabling works commenced in July 1998, with the opening of the Centre remaining scheduled for March 2000.

The Lend Lease Overgate Partnership (LLOP) was established in June 1999, with Lend Lease as both limited partner and general partner. LLOP acquired the long leasehold and freehold interest in the Centre and has entered into a development agreement with Lend Lease to complete the Centre. Lend Lease intends to retain an interest in the partnership on completion of the Centre, and may bring other parties into the partnership in the future.

The Centre has been valued by Healey & Baker, International Real Estate Consultants, London, at GBP145.2 million (A\$358.5 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 1999 and on the assumption that the Centre was fully let and income producing. The valuation report was dated 21 June 1999.

*(k) Touchwood, Solihull, UK ("Touchwood")*

Touchwood (the Centre) is the development of a regional shopping centre with approximately 640,000 square feet 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 1999 39% of the total space 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 GBP171.2 million (A\$422.7 million).

The Lend Lease Retail Partnership acquired the land and the development rights for Touchwood from Lend Lease in June 1999 at cost for GBP17.5 million (A\$46.1 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 in September 2001. The amount of the development fee is calculated by reference to an agreed cap rate of 6.25% and the level of rentals achieved. 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 Thorpe, Chartered Surveyors and International Property Advisors, London, at GBP211.0 million (A\$521.0 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 1999 and on the assumption that the Centre was fully let and income producing. The valuation report was dated 23 July 1999.

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\$617.3 million) with a group of banks led by Barclays Bank Plc was established in June 1999 which will provide 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.

	Recorded In Note	Contributions to Operating Profit After Tax		Book Value	
		1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS &amp; INVESTMENTS continued</b>					
<b>OTHER BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS</b>					
<b>Australia &amp; Pacific</b>					
(l) IBM Global Services Australia Limited	10	11.8	7.6	40.5	40.5
(m) Infrastructure Partnerships	10	5.2	6.2	8.3	16.5
(n) Australian Prime Property Fund	10	0.6	0.6	47.8	8.6
(o) Infrastructure Investment Corporation Limited	10			2.1	2.1
(p) Advantra Pty Limited	10			6.4	
(q) Kiwi Property Group	10	1.1		16.3	17.1
(r) Morrison & Co Group Limited	10			8.0	
<b>North America</b>					
(s) Chastain Capital Corporation	10	(7.8)		14.8	29.2
(t) Vestar Long Beach	10			20.8	18.3
(u) Vestar Glendale	10			18.6	17.7
(v) coolsavings.com Inc	10			30.5	10.3
(w) Value Enhancement Fund III	10			14.8	5.5
(x) Yarmouth Capital Partners Limited Partnership I	10			1.8	2.1
(y) Lend Lease Rosen Real Estate Securities, LLC	10	1.7		7.8	7.9
(z) Sitel	10			16.8	10.2
<b>Asia</b>					
(aa) Admiralty Industrial Park	9	(7.1)	15.0	15.9	44.5
(bb) Asia Pacific Investment Company	10	(2.0)	0.8	46.1	30.6
(cc) Lend Lease Asia Water Trust	10		0.3	8.3	7.6
(dd) Tuas View Development	10	(7.1)	1.0		2.7
(ee) Cempaka Partnership	10		(9.3)	1.0	1.0
(ff) Thai Market Project	10		(16.1)	1.0	1.0
(gg) Li Fung Distribution Centre	10	(5.1)	(8.5)		
<b>Europe</b>					
(hh) Fareham Shopping Centre Partnership	10	1.4	(0.2)	18.7	19.1
(ii) Whitecliff Properties	10			25.8	10.4
(jj) LLNHP Partnership	10	3.0	(0.2)		7.8
(kk) Wisniowy Office Park, Warsaw, Poland	10				
(ll) Lend Lease Global Property Fund	10			10.5	
(mm) Capital Plus (Arrabida)	10			37.5	
(nn) Lend Lease Retail Partnership	10			37.7	
(oo) Chelverton Properties Limited	10	3.5	6.1	12.1	9.0
(pp) Norwich Town Centre, England	9			13.6	

**Australia & Pacific****(l) 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%. 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 (refer Note 27(p)).

Lend Lease's investment comprises ordinary share capital of \$40.5 million. Lend Lease advanced an unsecured loan of \$11.5 million to IBMGSA during the year, which was fully repaid in February 1999. During the year Lend Lease received distributions of \$13.8 million (1998 \$7.6 million) in respect of its investment and interest of \$0.2 million (1998 \$0.5 million) on the loan prior to repayment.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Australia & Pacific continued

**(l) IBM Global Services Australia Limited (IBMGSA) continued**

Lend Lease paid IBMGSA \$82.2 million (1998 \$87.0 million) for data processing, computer systems management and applications development and support. Lend Lease carried out payroll administration for IBMGSA and received an arm's length commercial fee for the service. Lend Lease disbursed payrolls of \$77.2 million (1998 \$180.0 million) on behalf of IBMGSA, which were fully reimbursed.

**(m) Infrastructure Partnerships**

*Prospect Water Partnership*

Lend Lease is an equal one third partner with P&O and Suez Lyonnaise Des Eaux in the Prospect Water Partnership. The partnership was established to design, build, own and operate a water filtration plant at Prospect NSW.

*Appin Power Partnership*

During the period Lend Lease sold its interest in the Appin Power Partnership, which realised a profit after tax of \$4.4million. The partnership had been established to design, build, own and operate methane gas fuelled electricity generators.

*Bulwer Island Energy Partnership*

During the year Lend Lease entered into a partnership to construct a co-generation plant at the BP Oil Refinery in Brisbane, Queensland. Lend Lease has a one third interest in the partnership.

Lend Lease's interest in the Infrastructure Partnerships is included in the balance sheet under Interests in Trusts and Partnerships (Note 10) 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 1999 set out below represent Lend Lease's interests in the Partnerships.

	1999 \$m	1998 \$m
Assets		
Property, plant and equipment	72.9	115.2
Other assets	5.0	3.9
	<b>77.9</b>	<b>119.1</b>
Liabilities		
Borrowings – non current	65.3	96.4
Other liabilities	4.3	6.2
	<b>69.6</b>	<b>102.6</b>
Lend Lease's interest in the Partnerships (Note 10)	<b>8.3</b>	<b>16.5</b>

**(n) Australian Prime Property Fund (APPF)**

The increase in the investment in APPF relates to the effective acquisition of a one sixth interest in Greensborough Plaza Shopping Centre in Victoria. The investment was supported by an independent valuation.

**(o) 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.

**(p) Advantra Pty Limited**

The information technology and telecommunications alliance formed by Lend Lease, IBM and Telstra on 25 July 1997 created a new company, Advantra Pty Limited (Advantra). Advantra is owned by Lend Lease (20%), IBM (30%) and Telstra (50%). The principal activities of Advantra are to provide network services to customers, including managing the delivery of IBM global network services across Australia. During the period Lend Lease invested \$6.4 million in Advantra.

**(q) 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 2001.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Australia continued

(r) **Morrison & Co Group**

During the year Lend Lease acquired a 25% interest in the Morrison Group of companies, which is the manager of the three listed Infracore Funds in New Zealand and Australia. Lend Lease also has options to increase its interest up to 100% over the next five years.

#### North America

(s) **Chastain Capital Corporation (Chastain)**

Chastain was launched in April 1998 by Lend Lease REI as a public Real Estate Investment Trust (REIT) that invested in commercial and multi family mortgage and real estate related assets and is traded publicly on the NASDAQ in the United States. The turmoil in the US debt markets in the first half of the financial year adversely affected the share price and some of the assets of Chastain. The Board of Chastain announced in May 1999 that it recommended that the company be liquidated in order for the shareholders to extract maximum value from their investment. A resolution to approve the liquidation of the company's assets will be put to the shareholders in late September 1999. If approved, the liquidation is expected to be complete by the end of October 1999. A provision of A\$12.1 million has been raised against Lend Lease's investment in Chastain (14% interest) to reflect the carrying value of Lend Lease's investment at net asset value \$14.8 million. The market value of Lend Lease's investment in Chastain at 30 June 1999 was \$12.9 million. The net asset value has been adopted in these Financial Statements reflecting the best estimate of the recoverable value of the investment, based on Chastain's asset realisations to date and independent external valuation of Chastain's assets obtained by the Board of Chastain. The liquidation of Chastain is expected to realise at least the net asset value.

(t) **Vestar Long Beach**

Lend Lease has a 55% non controlling interest in an incorporated joint venture to develop a "big box" retail outlet centre at Long Beach in California, USA (the Centre), with the Vestar Development Company (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 financing and leasing. Construction commenced in April 1998 and Phase 1 was 93% leased at opening in June 1999. Phase 2 is expected to be completed in December 1999. Phase 2 was 75% leased at 30 June 1999. Lend Lease's commitment to the joint venture is USD16.7 million. At 30 June 1999 Lend Lease had invested USD13.5 million in the joint venture. Lend Lease provided transactional and advisory services to Vestar Long Beach, receiving fees of USD0.5 million during the year.

(u) **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 is responsible for the majority of the financing. Construction commenced in September 1998 with completion and opening expected in April 2000. Lend Lease's commitment to the joint venture is USD13.4 million. At 30 June 1999 Lend Lease had invested USD12.1 million in the joint venture. The Centre was 76% leased at 30 June 1999. Lend Lease provided transactional and advisory services to Vestar Glendale, receiving fees of USD0.2 million during the year.

(v) **coolsavings.com, Inc (coolsavings)**

During the period Lend Lease invested an additional USD13.4 million in coolsavings.com, Inc, increasing its investment to 30% (previously 10%). 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.

(w) **Value Enhancement Fund III (VEFIII)**

VEFIII is a USD395.0 million 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 3.8% interest in VEFIII at a committed cost of USD15.0 million. At 30 June 1999 Lend Lease had invested USD9.6 million. The balance of Lend Lease's commitment USD5.4 million will be invested over the next two years (refer Note 23(e)). Lend Lease provided asset management and transactional services to VEFIII during the year and received fees of \$7.2 million (1998 \$1.1 million). At 30 June 1999 the fund had invested USD395.4 million.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### North America continued

**(x) *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 \$15.3 million (1998 \$4.7 million) during the year.

**(y) *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. LL Rosen provides management and advisory services, specialising in real estate investment trusts.

**(z) *Sitel***

During the year Lend Lease exchanged its investment in Sitel Asia Pacific for a 3% interest in Sitel Corp Inc ("Sitel") which is a listed Corporation in the USA. In addition Lend Lease acquired a further 2% interest in Sitel for USD4.3 million (A\$6.6 million).

#### Asia

**(aa) *Admiralty Industrial Park***

AIP is an industrial development on 8 hectares of land in north Singapore, which consists of strata, semi-detached and terrace factories. Total allowable gross floor area is approximately 158,000 square metres.

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 (unchanged from December 1998). Since this initial decline, prices have stabilised.

Given the slowdown in sales with the Asian economic downturn, any further development has been suspended, with the current focus on developing a strategy to sell the remaining land. Of the completed units only 11 remained unsold at 30 June 1999.

The carrying value is supported by an independent valuation by Knight Frank.

**(bb) *Asia Pacific Investment Company (APIC)***

Lend Lease and related parties hold a 25% (1998 34.8%) interest in APIC which was established as an investment fund to enable institutional investors to access Asian property markets. Lend Lease is a sponsor investor of APIC and acts as investment adviser to the fund.

The fall in value of industrial land parcels in Singapore affected the value of Northtech which is an industrial property owned by APIC. Consequently a provision of \$7.8 million was raised against the investment at 30 June 1999.

**(cc) *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.

**(dd) *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 partners, Arcasia Land (40%) and Waterbank Singapore Properties (25%), are affiliated with the Government of Singapore.

The fall in values of industrial land in Singapore has also affected the values of the undeveloped land in the Tuas View development. As a result the company sustained a loss of which Lend Lease equity accounted its share during the year. The share of the loss effectively wrote off the investment and as such a nil carrying value is reflected at 30 June 1999.

All completed units in the development were sold at 30 June 1999. The current focus of the joint venture is to sell the remaining land parcels.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Asia continued

##### *(ee) 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 is a proposed 8 stage, 11 hectare small retail and shophouse development. The development has been suspended due to the current economic turmoil in Indonesia. At present there is no commitment to proceed with the project. The directors have assessed Lend Lease's interest having a value of approximately \$1.0 million and therefore the carrying value of \$1.0 million has been maintained at 30 June 1999.

##### *(ff) Thai Market Project*

The Thai Market Project was originally a three stage industrial, commercial and residential development. 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 \$1.0 million carrying value at 30 June 1999. Lend Lease has no further commitment to invest in the Thai Market project.

##### *(gg) Li Fung Distribution Centre*

Lend Lease has a 14% interest in the Li Fung Distribution Centre Limited, which has developed a 172 terrace factory and showrooms complex in Guangzhou, in Southern China. The project has been unsuccessful and Lend Lease's investment was written off in the year ended 30 June 1998. Lend Lease had also provided a USD5.0 million guarantee for a loan made to the joint venture undertaking the development. The joint venture was unable to repay the loan and as such Lend Lease paid USD5.0 million to Sumitomo Bank under the guarantee. Lend Lease has no further commitment or exposure to this joint venture.

#### Europe

##### *(hh) Fareham Shopping Centre Partnership*

Lend Lease has a 50% interest in The Fareham Retail Partnership with the Hanover Property Unit Trust. The Partnership activities comprise the ownership of the freehold and leasehold interests and refurbishment of the 500,000 sq.ft Fareham Shopping Centre (the Centre) in the UK. The Centre is an established town centre scheme that has been repositioned with the refurbishment and various tenant remixing. The total cost to the Partnership for the ownership and refurbishment of the Centre is approximately GBP60.4 million (A\$149.1 million). Lend Lease has contributed GBP7.0 million to the Partnership. The refurbishment of the Centre was completed on schedule in October 1998, and it is expected that an institutional investor will acquire the Centre from the Partnership in the next 12 months.

##### *(ii) 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 new 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.

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Europe continued

#### *(jj) LLNHP Partnership*

The LLNHP Partnership was a limited partnership with Nursing Homes Properties Plc, which acquired a portfolio of nursing homes located in the UK. At the time of entering into the partnership, Lend Lease was given options in Nursing Homes Properties Plc. These options were sold in October 1998 and realised a profit of GBP0.8 million (A\$2.2 million) before tax.

In June 1999, Lend Lease sold its interest in the partnership to the other partner, Nursing Homes Properties Plc which realised a profit after tax on the investment of GBP1.4 million (A\$3.7 million). In addition Lend Lease received income from the partnership of GBP0.1 million (A\$0.2 million) and guarantee fees of GBP0.1 million (A\$0.4 million) for the guarantee of up to GBP3.0 million of partnership borrowings. This guarantee was extinguished at the time of the sale of Lend Lease's partnership interest.

#### *(kk) Wisniowy Business 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 Business 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. The third building is 100% let to a major German bank and the fourth building completed in March 1999, is substantially pre-let. Chelverton International is currently negotiating the sale of the third and fourth buildings. The first building of Phase II of the Wisniowy project has commenced and further development will 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 USD4.6 million (A\$7.3 million) of guarantee fees during the year.

#### *(ll) Lend Lease Global Property Fund*

The Global Property Fund is a Luxembourg based investment fund that will invest in real estate assets around the world. The initial offering of investment in the Global Property Fund was closed in April 1999 and raised USD254.6 million. A second closing in June 1999 brought the total raised to USD350.0 million. The fund is expected to reach its maximum size of USD500.0 million over the next 12 months. Lend Lease has committed USD50.0 million as a co-investment in the fund. At 30 June 1999 Lend Lease had invested USD6.8 million.

#### *(mm) Capital Plus (Arrabida)*

Capital Plus is the holding company for Arrabida shopping centre in Porto, Portugal. The centre opened in 1996, and is anchored by an Auchan hypermarket and a 20 screen AMC cinema. The centre comprises 56,700 sq.m of retail space in 170 shop units, including the 22,000 sq m hypermarket which is owned by the operator, together with 3,250 parking spaces.

On 30 June 1999, Lend Lease and the Lend Lease Global Property Fund (Lend Lease Global Properties, SICAF) each acquired a 50% interest in the company owning the centre. The partners intend to refurbish and reposition the centre, and carry out a leisure based extension.

#### *(nn) Lend Lease Retail Partnership*

The Lend Lease Retail Partnership (the "Retail Partnership") is effectively an unlisted property fund 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\$61.7million) of which GBP15.3 million (A\$37.7 million) had been invested at 30 June 1999. In March 1999 the total amount subscribed for was increased to GBP505.0 million (A\$1,246.9 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\$691.4 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 October 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 1999 was GBP308.2 million (A\$761.0 million) including Lend Lease's investment of GBP15.3 million (A\$37.7 million).

## 26. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

### SELECTED MAJOR BUSINESS UNDERTAKINGS, PROJECTS AND INVESTMENTS continued

#### Europe continued

##### (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. The company is incorporated in England and Wales with a balance date of 31 March and Lend Lease's investment comprises ordinary shares. The adoption of equity accounting at 1 July 1998 for the investment in Chelverton involved an adjustment of \$0.3 million to opening retained earnings. The investment is held at the equity accounted value (cost plus share of profits less dividends received) of GBP4.9 million (A\$12.1 million). Lend Lease recorded a profit from its 50% share of Chelverton's earnings of GBP1.3 million (A\$3.5 million). Lend Lease also earned guarantee fees of A\$5.6 million (1998 A\$5.5 million) for the guarantee that it provides for a loan taken out by Chelverton (refer Note 16(c)).

##### (pp) *Norwich Town Centre, 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 is GBP16.0 million (A\$39.4 million), which involved an initial payment of GBP5.5 million and the balance conditional on the receipt of planning approval. It is proposed to develop a retail shopping centre on the town centre site which is consistent with the UK Government planning policies, which encourages town centre retail projects. It is anticipated that planning approval will be obtained within the next 12 months, with construction commencing in late 2000.

	Principal Activities	Balance Date	Share of Associates Profit/(Loss)			Book Value 1999 \$m	Book Value 1998 \$m
			After Tax	Interest			
			1999 \$m (1) (2)	1999 %	1998 %		
PT Bil Lend Lease Investment Services	Financial Services	31 Dec	(0.2)	50%	50%		
Lend Lease Hyperion Capital Advisors, LLC	Real Estate Investments	31 Dec	0.9	50%	50%	1.1	1.7
Chelverton Properties Limited	Property Development	31 Mar	3.5	50%	50%	12.1	9.0
Lend Lease Rosen Real Estate Securities, LLC	Real Estate Investments	31 Dec	1.7	50%	50%	7.8	7.9
Kiwi Property Group	Real Estate Investments	31 Mar	1.1			16.3	17.1
- Kiwi Income Properties Ltd				50%	50%		
- KDT Development Ltd				50%	50%		
- KDT Management Ltd				50%	50%		
- Kiwi Property Management Ltd				50%	50%		
THI Plc	Property Development	31 Dec	(2.2)	25%	25%		9.1
Tuas View Development Pte Ltd	Property Development	31 Dec	(3.2)	35%	35%		2.7
Vestar/Lend Lease Glendale Fashion Centre, LLC	Property Development	31 Dec		55%	55%	18.6	17.7
Vestar/Lend Lease Long Beach Town Centre, LLC	Property Development	31 Dec		55%	55%	20.8	18.3
Morrison & Co Group Limited	Real Estate Investments	31 Mar		25%		8.0	
Capital Plus (Arrabida)	Real Estate Investments	31 Dec		50%		37.5	
Plum Financial Services Limited <sup>(3)</sup>	Financial Services	30 Jun					4.0
Other Associates <sup>(4)</sup>							2.0
			<b>1.6</b>			<b>122.2</b>	<b>89.5</b>

(1) Reflects the contribution to operating profit after tax 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) The equity method for accounting for investments in associates has been applied for the first time from 1 July 1998. In previous years the investments in associates were accounted for using the cost method.

## 27. ASSOCIATES continued

- (3) Plum Financial Services, an investment of MLC Limited – Shareholders' Fund, has not been equity accounted as the investment is subject to the life insurance reporting requirements. All costs incurred in relation to the Plum investment were expensed during the year which resulted in a loss after tax of \$10.6 million.
- (4) Other Associates include Australian Water Services Pty Ltd, GELLCO Infrastructure Services Pty Ltd, Pacific Development Services Ltd, 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.

	June 1999 \$m
<b>RESULTS OF ASSOCIATES</b>	
Share of associates' operating profit before income tax	4.3
Share of associates' income tax expense attributable to operating profit	(1.6)
<b>Share of associates' net profit – as disclosed by associates</b>	<b>2.7</b>
Adjustment arising from equity accounting	
Amortisation of goodwill	(1.4)
Other	0.3
<b>Share of associates net profit – equity accounted</b>	<b>1.6</b>
<b>SHARE OF POST ACQUISITION RETAINED PROFITS AND RESERVES ATTRIBUTABLE TO ASSOCIATES</b>	
<b>Retained Profits</b>	
Share of associates' retained profits at the beginning of the financial year due to the initial application of AASB 1016: Accounting for Investments in Associates	(5.3)
Share of net profit of associates	1.6
Dividends from associates	(4.4)
<b>Share of associates' retained profits at end of financial year</b>	<b>(8.1)</b>
<b>Movements in Carrying Amounts of Investments</b>	
Carrying amount of investments in associates at the beginning of the financial year	89.5
Adjustment on the initial adoption of equity accounting	(5.3)
	<b>84.2</b>
Investment in associates acquired during the year	48.2
Share of associates' net profit	1.6
Dividends received from associates	(4.4)
Other adjustments <sup>(1)</sup>	(7.4)
<b>Carrying amount of investments in associates at end of financial year</b>	<b>122.2</b>
<b>COMMITMENTS</b>	
Share of associates' lease commitments contracted but not provided for and payable:	
Due within 1 year	2.4
Due between 1 and 2 years	3.0
Due between 2 and 5 years	8.9
	<b>14.3</b>
<b>CONTINGENT LIABILITIES</b>	
Share of associates contingent liabilities	<b>0.1</b>

## 27. ASSOCIATES continued

### SUMMARY OF FINANCIAL POSITION OF ASSOCIATES

	June 1999 \$m
Current assets	142.8
Non current assets	137.9
<b>Total assets</b>	<b>280.7</b>
Current liabilities	55.5
Non current liabilities	133.9
<b>Total liabilities</b>	<b>189.4</b>
Net assets – as reported by associates	91.3
Adjustments arising from equity accounting:	
Goodwill (net of amortisation)	6.2
Other adjustments <sup>(2)</sup>	24.7
<b>Net assets – equity adjusted</b>	<b>122.2</b>

(1) Includes exchange rate movement and expensing of Plum costs.

(2) Includes fair value adjustments for net assets of associates acquired.

## 28. 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 impact policyholders, are determined at cost or on an arm's length commercial basis. A code of conduct has been established between Lend Lease and MLC which specifies :

- 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.

Companies and unit trusts which are controlled entities of the Statutory Funds of MLC and MLC Lifetime have not been consolidated. These include the following major entities :

- MLC - MLC Nominees Pty Limited, MLC Properties Pty Limited, MLC Property Investment Trust, MLC International Property Investment Trust, MLC Coal Investment Pty Limited; and
- MLC Lifetime - The Parkland Group Limited, Public Storage American Trust, Onpac Pty Limited.

### (b) MANAGED FUNDS

All transactions between managed property trusts, MLC unlisted trusts and Lend Lease are determined on 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:

	1999 \$m	1998 \$m
Gross assets:		
General Property Trust	4,574.2	3,896.8
Australian Prime Property Fund	1,042.2	955.0
Darling Park Trust	386.8	286.8

## 28. LIFE INSURANCE AND MANAGED FUNDS continued

### (b) MANAGED FUNDS continued

#### MLC Unlisted Trusts

Lend Lease manages a number of unlisted trusts as listed in Note 14. The total funds under management at 30 June 1999 are \$4,632.8 million (1998 \$3,320.2 million). Lend Lease receives a manager's fee which varies from fund to fund and in accordance with each Trust Deed.

	Life Insurance		Managed Funds	
	1999 \$m	1998 \$m	1999 \$m	1998 \$m
<b>Services provided by Lend Lease</b>				
Investment management <sup>(1)</sup>	42.1	32.2		
Asset management <sup>(2)</sup>	19.7	21.1	12.0	14.4
Property development <sup>(3)</sup>	6.6	4.2	126.8	103.7
Administrative services	188.0	124.1		
Product distribution services	58.8	47.8		
Management of trusts			79.0	67.7
<b>Expense reimbursements to Lend Lease</b>				
Administrative and brokerage expenses			16.1	18.0
<b>Expense reimbursements by Lend Lease</b>				
Property rentals and rental guarantees	0.2	1.0	11.8	11.6
Property development		0.4		

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.

## 29. DIRECTORS' AND EXECUTIVES' COMPENSATION

### DIRECTORS' COMPENSATION

The number of Directors of Lend Lease Corporation whose 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). Some executive Directors' performance bonus accruals included in the following bands for the comparative relate to performance contracts covering an 18 month period ending 30 June 1998.

\$000's	Company		\$000's	Company	
	1999 Number	1998 Number		1999 Number	1998 Number
190 - 199		1	710 - 719	1	
210 - 219	1		1,040 - 1,049	1	
290 - 299		1	1,090 - 1,099		1
300 - 309	1		1,120 - 1,129	1	
310 - 319		1	1,260 - 1,269	1	
320 - 329		1	1,290 - 1,299		1
330 - 339	1	1	1,340 - 1,349		1
340 - 349	1	1	1,550 - 1,559	1	
370 - 379		1	1,800 - 1,809		1
380 - 389	2		1,950 - 1,959		1
450 - 459	1		2,380 - 2,389 <sup>(1)</sup>		1
460 - 469	1	1	2,720 - 2,729	1	
500 - 509		1	3,000 - 3,009 <sup>(1)</sup>		1
				<b>14</b>	<b>16</b>

- (1) Amounts include retirement benefits.

## 29. DIRECTORS' AND EXECUTIVES' COMPENSATION continued

### DIRECTORS' COMPENSATION continued

Total income inclusive of retirement benefits, notional value of superannuation contributions to executive directors (if in Australian fund), market value of matured units in 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

Included above are Directors' fees paid or payable by Lend Lease Corporation to non executive Directors of Lend Lease Corporation

Included above are consulting fees paid or payable by Lend Lease Corporation to non executive Directors of Lend Lease Corporation

Consolidated		Company	
1999 \$000's	1998 \$000's	1999 \$000's	1998 \$000's
11,324	16,052	8,603	14,244
815	720	815	720
1,497	1,532	1,497	1,532

1998 Directors' compensation is significantly higher than 1999 due to benefits paid on the retirement of two Directors.

### EXECUTIVES' COMPENSATION

For the purpose of this disclosure, executive officers include officers who are involved in the strategic direction and management of the Lend Lease Group. A stricter definition of an "executive" has been applied in these Financial Statements which has resulted in a lower number of Australian based executives as compared to prior years. The disclosures also include non-Australian based executives. The number of executive officers whose income from Lend Lease and related entities fall within the following bands:

	Consolidated		Consolidated		Company	
	Australian Based Executives 1999 Number	Non Aust Based Executives 1999 Number	Australian Based Executives 1998 Number	Non Aust Based Executives 1998 Number	1999	1998
\$000's						
160 - 169		1				
170 - 179		1				
180 - 189			1			
190 - 199	1		1			
200 - 209	1		1			1
220 - 229		1	1			
230 - 239		1				
240 - 249	1		1			
250 - 259			1			
260 - 269	1		1			
270 - 279	1				1	
280 - 289			2			
290 - 299	1		2			1
310 - 319			2			1
320 - 329			1			
330 - 339	1		1			
340 - 349			1			1
350 - 359	2					
360 - 369			2			
370 - 379	2					
380 - 389	2	1	2			
390 - 399			1	1		
400 - 409			1			
410 - 419			4			1
420 - 429	2		2			
440 - 449				1		
450 - 459				1		
460 - 469	1				1	
470 - 479	1		1	1		1

## 29. DIRECTORS' AND EXECUTIVES' COMPENSATION continued

## EXECUTIVES' COMPENSATION continued

	Consolidated		Consolidated		Company	
	Australian Based Executives 1999	Non Aust Based Executives 1999	Australian Based Executives 1998	Non Aust Based Executives 1998	1999	1998
\$000's	Number	Number	Number	Number		
480 - 489	1	1				
490 - 499			1			1
500 - 509	2	2	1			
510 - 519	2				1	
520 - 529	1					
530 - 539			1	2		
540 - 549	1					
560 - 569				1		
570 - 579				1		
590 - 599			3	1		1
600 - 609	1			1		
620 - 629	1					
640 - 649		1	1			
650 - 659				2		
660 - 669	1				1	
670 - 679		1		1		
680 - 689	1					
690 - 699	1					
730 - 739		1				
740 - 749		1	1			
750 - 759				1		
780 - 789		1				
810 - 819	1			1		
820 - 829	1			1	1	
860 - 869		1				
880 - 889				1		
900 - 909	1					
930 - 939		1				
950 - 959	1					
990 - 999		1		1		
1,000 - 1,009	1					
1,020 - 1,029		1				
1,040 - 1,049	1				1	
1,070 - 1,079	1	1			1	
1,090 - 1,099			1			1
1,110 - 1,119			1			
1,120 - 1,129	1				1	
1,130 - 1,139				1		
1,150 - 1,159		1				
1,160 - 1,169	1	1				
1,260 - 1,269	1			1	1	
1,290 - 1,299			1			1
1,320 - 1,329				1		
1,340 - 1,349			1			1
1,490 - 1,499	1			1	1	

## 29. DIRECTORS' AND EXECUTIVES' COMPENSATION continued

### EXECUTIVES' COMPENSATION continued

	Consolidated		Consolidated		Company	
	Australian Based Executives 1999	Non Aust Based Executives 1999	Australian Based Executives 1998	Non Aust Based Executives 1998	1999	1998
\$000's	Number	Number	Number	Number		
1,550 - 1,559	1				1	
1,560 - 1,569		1				
1,590 - 1,599		1				
1,800 - 1,809				1		
1,820 - 1,829		1				
1,950 - 1,959			1			1
2,380 - 2,389 (1)			1			1
2,720 - 2,729		1				
4,520 - 4,529 (1)		1				
<b>Total</b>	<b>41</b>	<b>25</b>	<b>43</b>	<b>23</b>	<b>11</b>	<b>13</b>
	<b>\$000s'</b>	<b>\$000s'</b>	<b>\$000s'</b>	<b>\$000s'</b>	<b>\$000s'</b>	<b>\$000s'</b>
<b>Total Income (2)</b>	<b>25,934</b>	<b>25,701</b>	<b>21,214</b>	<b>18,498</b>	<b>10,316</b>	<b>11,228</b>

(1) Amounts include retirement benefits.

(2) Total inclusive of fringe benefits tax, notional value of superannuation contributions (if in Australian fund), market value of matured units in employee share plans and retirement benefit paid or payable to these executives from Lend Lease and related parties.

## 30. 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  
 J K Conway  
 D J Grady  
 R A Longes  
 R G Mueller, CBE  
 D N Sanders, AO, CB  
 R E Tsenin  
 W A H Webster  
 P J Willcox

### 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 26, 27 and 28 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, secretarial and treasury. Costs incurred in providing such services are recovered accordingly from the entities concerned.

### LOANS MADE TO DIRECTORS OF LEND LEASE

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.

### 30. OTHER RELATED PARTY INFORMATION continued

#### LOANS MADE TO DIRECTORS OF LEND LEASE continued

##### Loan Schemes

At balance date there were 16 loans (1998 15) made by Lend Lease Corporation, ranging from \$2,350 to \$222,000 (1998 \$12,560 to \$222,000) totalling \$1,288,721 (1998 \$1,318,477).

These loans are provided at rates of interest ranging from 0% to 3%.

Loans made to the following Director during the year amounted to \$133,928 (1998 \$22,698).

PS Guan

Loans repaid by the following Directors during the year amounted to \$160,145 (1998 \$457,949)

MA Cameron, RJ Johnston, LS Ng, DLM Ong, PS Guan, PW Crewes.

Included in loan repayments are amounts totalling \$95,000 (1998 \$52,083) which were forgiven as part of executive compensation and are included in the Directors' and Executives' Compensation (Note 29).

#### 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 473,657 shares (1998 321,596 shares). During the year 45,420 (1998 22,210) shares were acquired, 83,300 (1998 2,589) shares were sold and 336,737 shares were allotted as a result of the one for one bonus share issue. Details of Directors' shareholdings are included in the Report to Shareholders.

#### 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 \$300,000 (1998 \$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.

### 31. AGGREGATED BALANCE SHEETS OF LIFE COMPANIES

Accounting standard AASB 1038 on Life Insurance Business was issued on 17 November 1998. The new standard will require Lend Lease to consolidate the Statutory Funds from the June 2000 year end. The aggregate balance sheets of the statutory funds are provided below. The assets and liabilities of the Shareholders Funds are currently consolidated into the Lend Lease Group consolidated balance sheet.

	Statutory Funds 1999 \$m	Statutory Funds 1998 \$m
Current Assets	1,232.0	1,000.2
Investment Assets	22,531.0	22,392.3
Non Current Assets	8.1	27.1
<b>Total Assets</b>	<b>23,771.1</b>	<b>23,419.6</b>
Current Liabilities	1,567.6	1,550.8
Non Current Liabilities		
Net policy liabilities	20,953.9	20,583.6
Other	764.7	798.6
<b>Total Non Current Liabilities</b>	<b>21,718.6</b>	<b>21,382.2</b>
<b>Total Liabilities</b>	<b>23,286.2</b>	<b>22,933.0</b>
<b>Net Assets</b>	<b>484.9</b>	<b>486.6</b>

### 31. AGGREGATED BALANCE SHEETS OF LIFE COMPANIES continued

#### Policy Owners' & Shareholders' Equity

Reserves

Statutory Funds 1999 \$m	Statutory Funds 1998 \$m
40.0	40.0

#### Retained Profits

Policy owners

165.7

148.8

Shareholders

279.2

297.8

#### Total Retained Profits

<b>444.9</b>	<b>446.6</b>
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#### Policy Owners' & Shareholders' Equity

<b>484.9</b>	<b>486.6</b>
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The above balance sheets are an aggregation of MLC and MLC Lifetime and are not a formal consolidation of the funds.

### 32. CONSOLIDATED ENTITIES

#### PROJECT MANAGEMENT

##### Australian

Lend Lease Projects Pty Limited

Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year end 30 June 1999 Interest %	Year end 30 June 1998 Interest %
(1)	Aust	NZ	100	

##### International

Jacobs Lend Lease Pte Limited

(3)	S'pore	S'pore	50	
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Lend Lease (Singapore) Pte Limited

	S'pore	S'pore	100	100
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PT Lend Lease Graha Indonesia

(2)	Indon	Indon	90	50
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Lend Lease (Taiwan) Pty Limited

(3)	Aust	Taiwan	100	
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Lend Lease Project Consulting (Shanghai) Co Ltd

	China	China	100	100
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Lend Lease China (HK) Limited

	HK	HK	100	100
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Lend Lease Project Management (Thailand) Ltd

	THAI	THAI	100	100
--	------	------	-----	-----

Lend Lease Project Management Sdn Bhd

	MAL	MAL	100	100
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Lend Lease Design &amp; Construct India PVT Limited

	India	India	100	100
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Lend Lease (Thailand) Limited

	THAI	THAI	100	100
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Normanno Limited

	HK	HK	100	100
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Lend Lease Central Europe Sp Zoo

	Poland	Poland	100	100
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Lend Lease Projects Limited

	UK	UK	100	100
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Lend Lease Projects, Inc

(3)	USA	USA	100	
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Lend Lease FAB Technologies Limited (UK)

(3)	UK	UK	100	
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Crystal Group BV

(4)	Neth	Neth	100	
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Crystal Consulting Engineers BV

(4)	Neth	Neth	100	
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Lend Lease Cell FAB Limited

(3)	UK	UK	100	
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Crystal Engineering Ltd Co of Shanghai

(4)	China	China	51	
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Crystal FAB Technology (UK) Limited

(3)	UK	UK	100	
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Crystal FAB Technology of America, Inc

(4)	USA	USA	100	
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Crystal Engineering Asia Ltd

(4)	Taiwan	Taiwan	100	
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Crystal Engineering Europe GmbH

(4)	Germ	Germ	100	
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#### PROPERTY DEVELOPMENT

##### Australian

Lend Lease Development Pty Limited

	Aust		100	100
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Jacksons Landing Realty Pty Limited

	Aust		100	100
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Lend Lease Darling Park One Pty Limited

	Aust		100	100
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LLD Precinct 2 Pty Limited

	Aust		100	100
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LLD Sales (Mango Hill) Pty Limited

	Aust		100	100
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	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year end 30 June 1999 Interest %	Year end 30 June 1998 Interest %
<b>32. CONSOLIDATED ENTITIES continued</b>					
<b>PROPERTY DEVELOPMENT continued</b>					
<b>Australian continued</b>					
LLD Marketing (Mango Hill) Pty Limited		Aust		100	100
LLD Projects (Mango Hill) Pty Limited		Aust		100	100
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
<b>International</b>					
Lend Lease Organisation Pte Limited (formerly Lend Lease Asia Holdings Pte Limited)		S'pore	S'pore	100	100
Admiralty Industrial Park Pte Limited		S'pore	S'pore	100	100
Lend Lease Investments Pte Limited (formerly Oakwood Asia Pacific Pte Ltd)		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
Blueco Limited		UK	UK	100	100
Fareham Retail Partnership (Market Quay) Limited		UK	UK	100	100
Lend Lease Whiteco Limited		UK	UK	100	100
Lend Lease Dundee Developments 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 Chelverton Holdings Limited		UK	UK	100	100
Civic Shopping Centres Limited		UK	UK	100	100
Lend Lease (UK) Management Services Limited	(3)	UK	UK	100	
Lend Lease Norwich Limited	(3)	UK	UK	100	
Lend Lease Development (US) Inc		USA	USA	100	100
<b>REAL ESTATE INVESTMENTS</b>					
<b>Australia</b>					
Lend Lease Management (NSW) Pty Limited		Aust		100	100
Lend Lease Real Estate Investment Ltd (formerly Lend Lease Property Investments Services Limited)		Aust		100	100
Lend Lease Project Finance Limited (formerly Growth Equities Mutual 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
Roma Street Operations Pty Limited		Aust		100	100
Growth Equities Mutual Property Management Pty Limited	(5)	Aust		100	100
Growth Equities Services Pty Ltd	(5)	Aust		100	100
Growth Equities Services Trust	(5)	Aust		100	100

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year end 30 June 1999 Interest %	Year end 30 June 1998 Interest %
<b>32. CONSOLIDATED ENTITIES continued</b>					
<b>REAL ESTATE INVESTMENTS continued</b>					
<b>International</b>					
REIS (NZ) Limited (formerly Civil & Civic (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 (formerly The Yarmouth Group (UK) Limited)		UK	UK	100	100
Lend Lease Funds Management Limited		UK	UK	100	100
Lend Lease Europe GP Limited(UK) (formerly The Forward Retail Company Limited)		UK	UK	100	100
Lend Lease Manco Limited		UK	UK	100	100
European Retail Services Limited		UK	UK	100	100
Lend Lease Retail Investments Limited	(3)	UK	UK	100	
Lend Lease Funds Management Limited	(3)	UK	UK	100	
Overgate GP Limited (UK)	(3)	UK	UK	100	
Lend Lease Europe Retail Investments Limited	(3)	UK	UK	100	
Lend Lease Real Estate Investment Services Asia Pte Limited (formerly Lend Lease Property Investment Services Asia Pte Limited)		Aust	S'pore/HK	100	100
Lend Lease Investment Services Asia Pty Limited		S'pore	S'pore	100	100
Lend Lease (US), Inc		USA	USA	100	100
Lend Lease (US) Finance, Inc		USA	USA	100	100
Lend Lease (US) Holdings, Inc		USA	USA	100	100
Lend Lease Investments, Inc (formerly ERE Yarmouth Investments, Inc)		USA	USA	100	100
Lend Lease (US International) LLC (formerly ERE Yarmouth International LLC)		USA	USA	100	100
Yarmouth Lend Lease Properties, 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
YCPH Holdings, Inc		USA	USA	100	100
Yarmouth Cheyenne Holdings, Inc		USA	USA	100	100
Lend Lease Investments Holdings, Inc (formerly ERE Yarmouth Holdings, Inc)		USA	USA	100	100
Lend Lease Real estate Investments, Inc (formerly Lend Lease (US) Services. 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 (formerly ERE Yarmouth Pacific Partners Corp)		USA	USA	100	100
Buckhead Strategic Corp		USA	USA	100	100
Tricon Corp		USA	USA	100	100
Buckhead Strategic Corp II		USA	USA	100	100
Buckhead III TMP Corp		USA	USA	100	100
Lend Lease Capital Markets, Inc (formerly ERE Capital Markets, Inc)		USA	USA	100	100
Lend Lease Portfolio Management, Inc (formerly ERE Yarmouth Portfolio Management, Inc)		USA	USA	100	100
ERE Yarmouth Retail		USA	USA	100	100
Lend Lease Agri Business, Inc (formerly ERE Yarmouth Agribusiness, Inc)		USA	USA	100	100
Lend Lease Capital Partners, Inc (formerly ERE Yarmouth Capital Partners, Inc)		USA	USA	100	100

	Footnote Ref	Country of Incorporation	Foreign Country of Business Operation	Year end 30 June 1999 Interest %	Year end 30 June 1998 Interest %
<b>32. CONSOLIDATED ENTITIES continued</b>					
<b>REAL ESTATE INVESTMENTS continued</b>					
<b>International continued</b>					
Lend Lease Australia/US Realty I Inc	(3)	USA	USA	100	
Lend Lease Australia/US Realty II Inc	(3)	USA	USA	100	
Lend Lease Espana SA		Spain	Spain	100	100
Larry Smith & Durco SA (Spain)	(6)	Spain	Spain	100	100
Larry Smith & Durco SA (Portugal)	(6)	Portugal	Portugal	100	100
Larry Smith & Associates SRL	(6)	Italy	Italy	100	100
Larry Smith Consulting SA	(6)	Switz	Switz	100	100
LL Espana 4 B.V.	(3)	Neth	Neth	100	
LL Espana 1 B.V.	(3)	Neth	Neth	100	
LL Espana 2 B.V.	(3)	Neth	Neth	100	
LL Espana 3 B.V.	(3)	Neth	Neth	100	
Lend Lease Retail Investment Espana SL	(3)	Spain	Spain	100	
Lend Lease Shopping Centres SL	(3)	Spain	Spain	100	
Lend Lease Properties Espana SL	(3)	Spain	Spain	100	
Lend Lease Commercial Espana SL	(3)	UK	Spain	100	
Lend Lease Global Real Estate Advisors	(3)	Luxem	Luxem	100	
Lend Lease Asia Investment Pty Ltd		Aust		100	100
Lend Lease Latin American Realty Advisors Ltd	(3)	Berm		100	
<b>FINANCIAL SERVICES</b>					
<b>Australian</b>					
MLC Limited – Shareholder Fund	(7)	Aust		100	100
Medfin Australia Pty Limited		Aust		75	78
Australian Eagle Life Limited – Shareholders' Fund	(7)	Aust		100	100
MLC Lifetime Company Limited – Shareholders' Fund	(7)	Aust		100	100
Lend Lease Financial Planning Limited		Aust		100	100
Lend Lease Advisor Services Limited		Aust		100	100
MLC Investments Limited		Aust		100	100
Lend Lease Corporate Services Limited		Aust		100	100
MLC Management Limited		Aust		100	100
MLC Holdings Limited		Aust		100	100
Your Prosperity Ltd		Aust		100	100
Flexiplan Pty Limited		Aust		76	67
MLC Advisor Holdings Pty Limited	(3)	Aust		100	
Lend Lease Insurance Limited		Aust		100	100
<b>International</b>					
PT Simas Lend Lease Life	(8)	Indo	Indo	80	50
Lend Lease Corporate Services Asia Pte Limited		S'pore	S'pore/ Indo	100	100
<b>CAPITAL SERVICES</b>					
<b>Australian</b>					
Lend Lease Capital Services Limited		Aust		100	100
Lend Lease Water Services Pty Limited		Aust		100	100
Bricwell Pty Limited		Aust		100	100
Lend Lease Special Projects Pty Limited	(3)	Aust		100	
<b>International</b>					
Lend Lease Asia Holdings Pte Limited (formerly Lend Lease Capital Services Asia Pte Limited)		S'pore	S'pore	100	100
Lend Lease Asia Water Pty Limited		Aust	S'pore	100	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

	Footnote Ref	Country of Incorp'n	Foreign Country of Business Operation	Year end 30 June 1999 Interest %	Year end 30 June 1998 Interest %
<b>32. CONSOLIDATED ENTITIES continued</b>					
<b>CAPITAL SERVICES continued</b>					
<b>International continued</b>					
Lend Lease NH Limited		UK	UK	100	100
Lend Lease Fareham (Market Quay) Limited		UK	UK	100	100
<b>EQUITY INVESTMENTS</b>					
Lend Lease Securities & Investments Pty Limited		Aust	USA	100	100
Silnama Pty Limited	(3)	Aust		100	
Martensite Pty Limited		Aust		100	100
Lend Lease Custodian Pty Limited		Aust		100	100
<b>GROUP SERVICES</b>					
<b>Australian</b>					
Lend Lease Management Services Limited		Aust		100	100
Lend Lease Singapore Investments Pty Limited	(3)	Aust		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
<b>NON OPERATING ENTITIES</b>					
<b>Australian</b>					
City Centre Development Limited		Aust		100	100
Costal Limited		Aust		100	100
Limosa Pty Limited		Aust		100	100
Limosa Unit Trust		Aust		100	100
Lend Lease New Zealand Pty Limited		Aust		100	100
MLC Computer Pty Limited		Aust		100	100
<b>International</b>					
Germiston Pte Ltd	(3)	S'pore	S'pore	100	

**Footnotes:**

<b>AUST</b>	Australia	<b>STH AMER</b>	South America	<b>GERM</b>	Germany
<b>HK</b>	Hong Kong	<b>S'PORE</b>	Singapore	<b>LUXEM</b>	Luxembourg
<b>INDON</b>	Indonesia	<b>THAI</b>	Thailand	<b>SWITZ</b>	Switzerland
<b>MAL</b>	Malaysia	<b>UK</b>	United Kingdom	<b>BERM</b>	Bermuda
<b>NZ</b>	New Zealand	<b>USA</b>	United States of America		
<b>CAY</b>	Cayman Islands	<b>NETH</b>	Netherlands		

ENF Represents the merged former entities Civil and Civic Pty Limited, Lend Lease Interiors Pty Limited and Lend Lease Design Group Limited.

EOF Effective July 1998 Lend Lease increased its interest in PT Lend Lease Graha Indonesia from 50% to 90%.

EPF Incorporated during the year.

EQF Acquired during the year.

ERF Dormant.

ESF Entity not audited by KPMG.

ETF Audited by individuals who are partners of KPMG.

EUF Effective 15 July 1998 Lend Lease increased its interest in PT Simas Lend Lease Life from 50% to 80%

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.

## DIRECTORS' DECLARATION

In the opinion of the directors of Lend Lease Corporation Limited:

1. the financial statements and notes set out on pages 1 to 66 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 1999 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; and
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, 12 August 1999

Signed in accordance with a resolution of directors:

**S.G. Hornery**  
Chairman

**D.H. Higgins**  
Managing Director