



19 March 2003

Lend Lease  
Corporation Limited  
ABN 32 000 226 228

[www.lendlease.com](http://www.lendlease.com)

Dear Shareholder

c/- ASX Perpetual  
Registrars Limited  
Level 8  
580 George Street  
Sydney NSW 2000

On 9 December 2002, we announced the appointment of Greg Clarke as Chief Executive Officer and Managing Director of the Lend Lease Group. Greg brings a broad range of skills to Lend Lease that will be critical for the delivery of value to shareholders. Greg has an impressive record of achievement in building international businesses, as well as a strong, hands-on operations approach – key strengths the Board sought in a new CEO.

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Greg's background includes an instrumental role in the formation of Cable & Wireless Communications during his tenure as Chief Executive until May 2000. Most recently, prior to joining Lend Lease, he was CEO of ICO Teledesic. His career has seen him take senior management responsibility for a broad range of disciplines ranging from consumer marketing and brand development to IT.

In the few months since Greg joined Lend Lease, he has already taken steps toward improving shareholder value by focusing on a significant reduction of our cost base, capital management initiatives to improve our Return on Equity, and progressing the Real Estate Investments strategic review. The Board is extremely pleased with the progress Greg has made in the short time he has been with the Group and we look forward to working with him in the future.

We are also planning changes in Board composition to accompany the change in executive leadership. Three non-executive directors retired from the Board in 2002 and a search for new Board members is under way. We will seek directors whose expertise will complement the new CEO's strategic direction for the company.

An interim dividend of 10 cents per share fully franked has been paid, up 11% from the previous dividend of 9 cents fully franked in September 2002.

We have announced an operating profit of A\$113.1 million after tax for the six month period to 31 December 2002 compared to A\$126.4 million after tax for the six months to 31 December 2001.

Following the announcement in January of an intended A\$526 million after tax write-down of the US Real Estate Investments businesses, the Group recorded a loss after tax of A\$369.4 million for the December 2002 half year. Of the total US Real Estate Investments write-down announced in January, A\$482.5 million after tax was recorded for the December 2002 period. The remaining A\$43.8 million after tax in respect of restructuring costs will be booked at June 2003.

The write-down is a consequence of reduced medium term earnings estimates for our US Real Estate Investments businesses. These reduced earnings expectations were one of the key factors prompting the strategic review of Real Estate Investments, begun last May and now approaching completion. The goal of the review has been to maximise shareholder value from these businesses and to assess their place in Lend Lease's ongoing strategy.

As soon as practicable, following determination of the Real Estate Investments review, we intend to announce an on-market buy-back of up to 10% of issued shares. Details and timing will be finalised at that time.

Despite the difficult economic conditions, we have continued to see good growth throughout most of our businesses. In Australia, the Real Estate Investments business grew Assets Under Management by nearly 6% and its profit after tax by 26%. Lend Lease Global Properties, our opportunistic investment fund, has recently completed its investment phase and now has assets under management totalling approximately US\$1.7 billion.

Bovis Lend Lease again performed strongly during the six month period, securing an impressive amount of new work in the face of tough economic conditions, and has improved its profitability ratio by reducing overheads.

While Lend Lease may be facing some strategic challenges, we have a very solid balance sheet, a good management team and strong new leadership. We are well placed in our key markets, positioning us well in light of the continued tough economic climate.

Given the recent market attention regarding executive remuneration and in the interests of good corporate governance, we have disclosed the termination payment to David Higgins now rather than in our Annual Report later this year. Following 18 years with the Group, including eight years as Chief Executive, David Higgins received a termination payment made in accordance with the terms of his employment contract, totalling A\$6.7 million. This amount is equivalent to approximately two years' annual package, which is in line with both Australian and international market practice.

We will announce our full year results on 21 August. Absent the US Real Estate Investments write-down, Lend Lease remains on track to deliver an after tax profit in line with previous guidance to achieve a slight increase over the 2002 results of A\$226 million profit after tax.

I look forward to sharing with you the outcomes of the Real Estate Investments strategic review and details in relation to an on-market buy-back of shares in due course.

Yours sincerely

A handwritten signature in black ink that reads "Jill Conway". The signature is written in a cursive, flowing style.

**Jill Conway**  
Chairman