

Lend Lease Corporation Limited
CONCISE FINANCIAL REPORT
30 JUNE 2000

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(1)
Management Discussion and Analysis of Financial Condition and Results of Operations
and the Directors' Report will form part of this Concise Financial Report
as they appear in the Consolidated Financial Report

The financial statements and specific disclosures have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

A copy of Lend Lease Corporation Limited Consolidated Financial Report 30 June 2000, including the Independent Auditors' Report, is available to all shareholders, and will be sent to shareholders without charge upon request.

The Consolidated Financial Report 30 June 2000 can be requested by telephone (612) 9236 6065 and by internet at <http://www.lendlease.com.au>

FIVE YEAR PROFILE

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

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

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

(3) June 2000 employee number excludes Financial Services employees (2,229 at sale date 30 June 2000).

CONCISE FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL PERFORMANCE

Year ended 30 June 2000

	Notes	Consolidated	
		June 2000 \$m	June 1999 \$m
PROFIT AND LOSS STATEMENTS			
REVENUE FROM ORDINARY ACTIVITIES			
Revenue from the sale of development properties ⁽¹⁾	4	1,259.3	1,014.2
Revenue from the provision of services	4	7,515.1	2,275.8
Statutory Funds revenue	4	3,585.6	
Other revenues from ordinary activities	4	636.8	828.8
Total revenue from ordinary activities		12,996.8	4,118.8
EXPENSES FROM ORDINARY ACTIVITIES			
Cost of development properties sold ⁽¹⁾		(1,087.8)	(762.8)
Project & construction management costs		(6,113.2)	(1,264.0)
Employee expenses		(621.3)	(433.1)
IT related expenses		(79.5)	(50.7)
Occupancy expenses		(83.6)	(68.9)
Professional fees		(81.7)	(77.5)
Statutory Funds expenses		(3,204.5)	
Cost of investments sold		(169.5)	(97.0)
Net movement in provisions		(251.9)	(149.8)
Other expenses		(336.8)	(587.7)
Total expenses from ordinary activities		(12,029.8)	(3,491.5)
Share of net profit of associates accounted for using the equity method		13.1	1.6
Share of net profit of joint ventures using the equity method		3.7	
Earnings before interest, tax, depreciation and amortisation (EBITDA)		983.8	628.9
Depreciation on property, plant and equipment and leasehold improvements		(29.4)	(12.3)
Amortisation of management agreements		(12.4)	(8.6)
Amortisation of goodwill		(40.1)	(4.8)
Other amortisation		(3.2)	(1.2)
Borrowing costs		(142.5)	(85.9)
Profit before tax from ordinary activities		756.2	516.1
Income tax expense relating to ordinary activities		(316.0)	(95.7)
Profit after tax from ordinary activities		440.2	420.4
Ordinary profit after tax attributable to outside equity interests		(8.0)	
Profit after tax attributable to Lend Lease Corporation Limited		432.2	420.4
Extraordinary items after income tax	6	3,112.3	
Net profit attributable to Lend Lease Corporation Limited		3,544.5	420.4
(1) Revenue from the sale of development properties		1,259.3	1,014.2
Cost of development properties sold		(1,087.8)	(762.8)
Gross profit from the sale of development properties		171.5	251.4

CONCISE FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL PERFORMANCE continued

Year ended 30 June 2000

		Consolidated		
		June 2000	June 1999	
Notes		\$m	\$m	
EQUITY STATEMENTS				
Equity at the beginning of the financial year		3,468.8	3,237.4	
Movements comprise:				
	Movements in contributed equity	80.1	(47.0)	
5	Dividends paid or declared	(326.6)	(302.5)	
	Dividends foregone pursuant to share election plan	31.4	22.4	
	Adjustment to retained profits resulting from change in accounting policy for investments in associates		(5.3)	
	Adjustment to retained profits resulting from change in accounting policy for investments in joint ventures	(1.0)		
	Adjustment to retained profits at the beginning of the financial year on initial adoption of AASB1038 – Life Insurance Business	(456.0)		
	Net profit attributable to Lend Lease Corporation Limited	3,544.5	420.4	
	Other changes in equity			
	Movement in asset revaluation reserve	(1,053.7)	132.0	
	Net exchange difference on translation of financial report of self-sustaining foreign operation	8.3	(5.3)	
Total revenues, expenses and valuation adjustments attributable to members of Lend Lease Corporation Limited		1,827.0	214.7	
	Total changes in outside equity interests in controlled entities	10.8	16.7	
Total movement in equity for the financial year		1,837.8	231.4	
Equity at the end of the financial year		5,306.6	3,468.8	
	Dividend payout ratio (excluding extraordinary item) (%)	5	75.6	72.0
	Dividend per share (cents)	5	64.0	60.0
	Basic earnings per share (excluding extraordinary item) (cents)	5	84.7	82.6
	Basic earnings per share (including extraordinary item) (cents)	5	695.0	82.6

CONCISE FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

Year ended 30 June 2000

	Consolidated	
	June 2000 \$m	June 1999 \$m
CURRENT ASSETS		
Cash and cash equivalents	3,483.8	620.7
Receivables	1,973.1	819.4
Inventories	572.1	755.7
Other investments	220.6	27.4
Other assets	16.4	10.9
Total current assets	6,266.0	2,234.1
NON CURRENT ASSETS		
Receivables	248.8	109.6
Inventories	1,076.8	1,212.8
Equity accounted investments	166.8	289.7
Other investments	771.4	2,621.0
Future income tax benefit	331.1	230.0
Property, plant and equipment	130.1	78.6
Goodwill	1,026.1	86.4
Management agreements	860.3	404.0
Other assets	64.5	25.0
Total non current assets	4,675.9	5,057.1
Total assets	10,941.9	7,291.2
CURRENT LIABILITIES		
Creditors	2,401.5	1,079.9
Borrowings	128.7	825.6
Current tax liabilities	621.0	73.9
Provisions	504.1	275.0
Other interest bearing liabilities	34.2	30.1
Other non interest bearing liabilities	110.1	167.4
Total current liabilities	3,799.6	2,451.9
NON CURRENT LIABILITIES		
Creditors		
Borrowings	916.8	384.6
Provisions	67.5	53.6
Provision for deferred income tax	154.3	128.6
Other interest bearing liabilities	326.6	336.3
Other non interest bearing liabilities	370.5	467.4
Total non current liabilities	1,835.7	1,370.5
Total liabilities	5,635.3	3,822.4
NET ASSETS	5,306.6	3,468.8
EQUITY		
Contributed equity	1,342.1	1,262.0
Reserves	117.1	1,162.5
Retained profits	3,819.9	1,027.6
Total parent equity interest	5,279.1	3,452.1
Outside equity interests in controlled entities	27.5	16.7
Total equity	5,306.6	3,468.8

FINANCIAL STATEMENTS

STATEMENTS OF CASH FLOWS

Year ended 30 June 2000

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

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

NOTES TO CONCISE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF CONCISE FINANCIAL REPORT

The concise financial report has been prepared in accordance with the Corporations Law and Accounting Standard AASB 1039 "Concise Financial Reports" and Urgent Issues Group consensus views. The financial statements and specific disclosures have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or current valuations of non-current assets. These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year, except where noted. Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

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

BASIS OF CONSOLIDATION

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

2. CHANGE IN ACCOUNTING POLICY

IT SYSTEMS

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

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

CHANGE IN ACCOUNTING POLICY

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

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

NOTES TO CONCISE FINANCIAL STATEMENTS

2. SEGMENT REPORTING

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

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

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

(1) Real Estate Investments includes the former Capital Services business segment.

(2) Other items includes corporate administration services, amortisation expense and Group Treasury.

NOTES TO CONCISE FINANCIAL STATEMENTS

2. SEGMENT REPORTING continued

The principal activities of each industry segment are:

PROJECT AND CONSTRUCTION MANAGEMENT

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

PROPERTY DEVELOPMENT

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

REAL ESTATE INVESTMENTS

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

REAL ESTATE SERVICES

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

FINANCIAL SERVICES

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

This business was sold on 30 June 2000.

IT+T INVESTMENTS

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

EQUITY INVESTMENTS

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

OTHER ITEMS

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

NOTES TO CONCISE FINANCIAL STATEMENTS

4. REVENUE

REVENUE FROM ORDINARY ACTIVITIES

	Consolidated	
	2000 \$m	1999 \$m
Sale of development properties	1,259.3	1,014.2
Revenue from the provision of services	7,515.1	2,275.8
Statutory Funds revenue ⁽¹⁾	3,585.6	
Other revenue from ordinary activities		
Dividends received	13.2	23.2
Rental income	73.1	22.0
Interest received	44.5	40.4
Proceeds on sale of investments	380.4	155.0
Unrealised gains/(losses) on investments	55.7	46.1
Share of partnership result	21.3	21.8
Share of profit of Statutory Funds ⁽¹⁾		176.0
Other revenue	48.6	48.3
Proceeds on sale of controlled entities ⁽²⁾		296.0
Total other revenue from ordinary activities	636.8	828.8
Total revenue from ordinary activities	12,996.8	4,118.8

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

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

5. DIVIDENDS AND EARNINGS PER SHARE

DIVIDENDS

INTERIM DIVIDEND

32¢ per share paid March 2000 (March 1999 - 29¢ per share)

FINAL DIVIDEND

32¢ per share declared (June 1999 - 31¢ per share)

Dividends paid or declared

	Company	
	June 2000 \$m	June 1999 \$m
	162.7	146.2
	163.9	156.3
Dividends paid or declared	326.6	302.5

DIVIDENDS AND DIVIDEND FRANKING

The final dividend of 32 cents per share will be paid on 14 September 2000 (prior year 16 September 1999). The dividend payout ratio of 75.6% (June 1999 72.0%) is calculated by dividing the dividends paid or declared in the year by the consolidated ordinary profit after tax attributable to members of Lend Lease Corporation (excluding extraordinary item).

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

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

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

NOTES TO CONCISE FINANCIAL STATEMENTS

5. DIVIDENDS AND EARNINGS PER SHARE continued

EARNINGS PER SHARE

Ordinary profit after income tax attributable to members of Lend Lease Corporation Limited

Weighted average shares and share equivalents

Earnings per share (cents) ⁽¹⁾

Basic (excluding extraordinary item)

Basic (including extraordinary item)

- (1) An adjustment factor of 0.99238 has been applied to prior year comparatives which is attributable to the bonus element for the prior year relating to the issue of shares at less than market price such as share election plan, share purchase plan and ESAP share allocation.

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

Consolidated	
June 2000	June 1999
\$m	\$m
432.2	420.4
Number m	Number m
510.0	505.5
Cents	Cents
84.7	82.6
695.0	82.6

6. EXTRAORDINARY ITEMS

Proceeds from sale of Financial Services Division

Less Cost of sale:

Investment in Financial Services Division

Restructure provision

Other selling costs

Profit from sale of Financial Services Division before income tax expense

Income tax expense

Profit from sale of Financial Services Division after income tax expense

Consolidated	
June 2000	June 1999
\$m	\$m
4,596.7	
(898.2)	
(19.9)	
(33.9)	
3,644.7	
(532.4)	
3,112.3	

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

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

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

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

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

DIRECTORS' DECLARATION

In the opinion of the directors of Lend Lease Corporation Limited the accompanying Concise Financial Report of the consolidated entity, comprising Lend Lease Corporation Limited and its controlled entities set out on pages 2 to 10:

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

Sydney, 17 August 2000

Signed in accordance with a resolution of Directors:

S.G. Hornery
Chairman

D.H. Higgins
Managing Director