



2 November 2000

The Manager
Companies Section
Australian Stock Exchange Limited (Sydney)

The Manager
Companies Section
New Zealand Stock Exchange

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Dear Sir

**Re: Stock Exchange Announcement
Managing Director's Address**

In accordance with Listing Rule 3.13.3, I enclose a copy of the Managing Director's Address to be delivered at the Annual General Meeting to be held at The Hordern Pavilion, Fox Studios Australia, Driver Avenue, Moore Park, Sydney on Thursday 2 November 2000 commencing at 7.00pm.

Yours faithfully
LEND LEASE CORPORATION LIMITED

A handwritten signature in black ink that reads "S. Sharpe".

S J SHARPE
Company Secretary

LEND LEASE – A.G.M.
2 November 2000

Good evening ladies and gentlemen...

* Lend Lease has been dramatically transformed in the past 12 months through significant corporate activity.

#1 – Global Opportunity

* We are now a company focused on providing a full range of services to our clients in the real estate sector, and those services are -

project management and construction, property development, and real estate investments and funds management.

* In Real Estate there are no global players who are involved in all three activities.

In addition, real estate markets are globally fragmented and inefficient.

On David

* In terms of sophistication... Australia has a leadership position.

Securitisation started here in 1971, when we formed GPT... so there are significant opportunities to take our Australian experience... and use it to harness real estate as an asset class for investors world-wide.

* The opportunity is for both equity and debt in the Real Estate asset class... and we have capabilities across both these categories on a global basis.

(PAUSE)

#2 – Results

Turning to the results to 30 June 2000.

We earned an after tax operating profit of A\$432 million.

* Total after tax profit after the MLC sale was A\$3.5 billion.

On David

* Over 15 years, we created significant value for shareholders with MLC.

* We believe that today's businesses have to be global to be competitive.

For MLC to achieve that, it needed to have greater scale - both domestically and globally.

* The price the National paid gave some of the benefits of the National's global and Australian distribution to Lend Lease shareholders.

And it was well in excess of market expectations.

* MLC has been a fabulous investment for us... and has contributed significantly to the reputation for success Lend Lease has today.

David Clarke & Peter Scott

* Tonight let me pay tribute to the great contribution made by David Clark... Peter Scott... other senior managers.. and all the MLC employees over the years.

* In using some of the proceeds from the sale of MLC... we have just completed the off-market share buy-back.

#3 – Buy Back

The buy-back was very well supported by shareholders... and we spent around \$1.8B buying back 17% of our share capital.

On David

* We still have significant balance- sheet capacity to invest in operating businesses.

However, this under-leveraged balance sheet is inefficient from a cost of capital standpoint.

I will be returning to this point shortly.

* First, let me give you an overview of the 3 businesses that make up our real estate platform.

#4 – 3 LL Businesses

They give us a unique ability to compete in what will become a global market rather than a series of local markets.

I will also outline the opportunities we now see in having those 3 businesses work together for key-clients.

On David

* We are a real estate solutions provider:

- to those who use physical real estate assets in their businesses...

- and to those who invest in physical real estate assets, or real estate securities.

#5 – Matrix – June 99

* We've made significant progress since I presented at our last AGM on building our global real estate capabilities.

#5 – Matrix – June 00

We've integrated the acquisitions of Bovis and Boston Financial that were announced before last year's AGM...

On David

..and since then, acquired and integrated the five AMRESCO businesses which focus on the debt side of real estate - but still manage money on behalf of others.

#6 – Bovis LL – PM & C

* Turning first to our Project Management business.

Bovis Lend Lease's mission statement is to be "the leading global provider of integrated, creative solutions for our clients' properties and assets".

* Bovis Lend Lease is a world class business.

On David

* The Bovis acquisition provided:

- geographic coverage allowing us to offer clients our services world-wide, and gave us the infrastructure to service such global clients.

It also provided:

- access to more clients,

- a greater pool of talented people,

- and dramatically diversified the revenue stream from the Project Management business.

* This business is in good shape.

* The committed backlog revenue at 30 June 2000 was \$7.8 billion, versus \$2.1 billion at June 1999.

* We will grow this business in the following ways:

- by focusing on growth opportunities in the existing business, for example in Europe

- by securing more alliances like BP and Nokia

- by significant e-commerce initiatives,

- and by getting more business through our Integrated Real Estate approach.

(PAUSE)

#7 – Development

* Our Development business has a local focus in the complex retail and mixed use urban redevelopment markets in which we are involved - but with global linkages for capital raising or in accessing expertise or partners.

On David

* Our strategy in future is to primarily use third party capital for development.

Lend Lease shareholder funds will be used to secure potential opportunities.

*** Lend Lease Development's skill and global reputation is best evidenced by projects such as the Olympic Village and Aurora Place in Sydney... and major overseas commercial developments on behalf of our Funds - such as our current projects in Chicago and Seattle.**

*** Our development expertise is a key differentiator in a market where adding value will become harder.**

(PAUSE)

#8 – Real Estate Investments

*** Our Real Estate Investments and Funds Management business, has an objective to provide superior returns for clients in the real estate asset class, globally.**

*** With \$81 billion in Funds under Management and \$93 billion in Real Estate Loans under Servicing, we are one of the largest real estate fund managers in the world.**

On David

*** The US market is 50% of the world's investable capital... so we have to be a leader in the US if we want to be a global player.**

#9 – Bullet Points

*** In terms of market leadership, in the US market we are:**

- #1 manager of real estate for pension funds

- #2 commercial mortgage loan servicer

- One of the largest sponsors and market leaders in tax credit investing in the multi-family asset class

- #1 commercial mortgage broker

- And the leader in asset resolution services.

On David

- * Our strengths are our network - our presence in many local markets
 - our real estate research capabilities
 - and our transaction flow across both real estate equity and debt.

- * We grew Funds under Management strongly in the year - by 74% to A\$81 billion - mainly by acquisition - but also by organic growth.

- * The major growth in REI will come from:
 - the new products - such as the Value Enhancement Funds and the International Distressed Debt Fund

 - from the acquisitions

 - from the integrated real estate opportunities, and...

 - from the new distribution channels that we are developing now both in the US and Europe.

An example, is our recently announced joint venture with Generali - a major European insurance company.

(PAUSE)

Repeat #4 – 3 LL Businesses

- * Clients would normally have to go to a number of service providers to get the full spectrum of expertise we can now offer.

Clients are looking to get a broader range of services from a fewer number of providers with multiple skills and global scale.

On David

- * Let me give you an example of where we are already meeting this demand through our integrated real estate capabilities.

#10 – Fort Hood

- The US Army is privatising military housing to provide better living communities for service personnel and their families.
- Lend Lease Actus has secured a preferred position at Fort Hood, Texas... the largest US military installation.

On David

- This opportunity pulls together our expertise in development, design and construction, financing and asset management, in joint venture with Trammell Crow's property management expertise.
 - There are a number of long-term income streams we receive out of the project because of the range of services, with this project valued at approximately US\$4 billion over 50 years.
- * Going forward, we estimate that 10% of our clients will require these integrated services.

(PAUSE)

* As I indicated in our annual report... a review of the success and potential of our businesses would be incomplete without acknowledging that the Fox Studios Australia Joint Venture continues to fall well short of our expectations.

I want to update you on the situation with this investment as it stands today.

The research we conducted before and during development of this project... gave us and our partner - News Corporation - confidence in establishing a profitable business based on a mix of retail, studios, commercial and entertainment.

The retail component - Bent Street - is getting between 80,000 and 100,000 visitors per week.

The professional film studios are booked out for two years... and the office campus is fully leased with a waiting list for further development.

But what was to be the significant revenue earner for the whole complex - the Backlot - has not been the success we expected.

As a result, we announced a provision in July of \$80 million after tax to cover

Lend Lease's share of the first year trading losses and a write-down in the carrying value of Lend Lease's half share of the complex in our year-end accounts.

This valuation was done on the basis of a business model which assumed continuation of the Backlot as a separate business from the rest of the Fox Studios site.

We indicated that the Fox Studios Joint Venture Board and management had commenced a strategic review to work out the best way to boost visitor numbers to the Backlot... and therefore overall revenue and profit performance.

We said this process could take 18 months.

This review is not complete - but the work done so far has indicated that the original business plan cannot be met while achieving an acceptable investment risk profile.

Consequently the Joint Venture has announced plans to integrate the Backlot with Bent Street and the rest of the site to enhance the appeal of the Backlot to visitors... and to improve the value for money of the offer - especially for families.

It is certainly too early to assess whether these measures alone will produce a satisfactory, long-term outcome.

Of all options considered over the last 3 months...it offers the best investment risk profile for Lend Lease.

We are focusing significant resources on this task.

This changed strategy will impact the valuation of the investment.

It is likely that we will need to make a significant further provision as we announced yesterday... potentially of the order of \$65 million after tax - at the half year.

Such a provision will adversely impact this year's profit result.

(PAUSE)

* In terms of portfolio investments... we have already indicated that once again this year we will be realising profits from some of our Westpac shares.

* We may also need to bring to account any shortfall between the market-value and the book-value of our investment in CoolSavings – the US internet coupon shopping company in which we have a 27% interest.

(PAUSE)

* Key issues that impact you as shareholders in the future are our dividend policy... our capital structure... and our earnings outlook.

* We estimate that by 2001... 75% of our operating earnings are expected to come from outside Australia, versus just 12% in 1996.

As a result, we will have a lower level of franking credits than in the past.

* A company which pays out a high percentage of its earnings as unfranked dividends - that is taxable income to you the investor - is not maximising the total return for its shareholders.

Lend Lease wants to offer you a high total return.

* With the changes to Capital Gains Tax... it is far more tax efficient for shareholders to receive a capital gain than it is to receive an unfranked dividend.

As we have indicated, we will reduce our payout ratio to 50% for the year to June 2001.

This may involve a significant component of unfranked dividends.

As a result we will be suspending the share election plan for the year to ensure the best tax result for shareholders.

* For the 2002 year and thereafter, we will move to paying only fully franked dividends supplemented by buy-back programs to return value to shareholders.

* As part of this process and to help smaller shareholders... the Board plans to introduce a Share Disposition Facility.

This will allow shareholders to sell part of their shareholding without any brokerage or stamp duty costs, enabling them to receive in cash, up to \$1,500 every six months.

This facility would be offered first in conjunction with our March 2001 dividend.

(PAUSE)

* Our capital structure is inefficient at present.

Over the coming years, we plan to make acquisitions of operating businesses... as well as utilise our excess capital for further share buy-backs.

(PAUSE)

* As I indicated at the outset... we have been very focused - particularly over the last 12 months - in transforming Lend Lease into a global real estate services organisation.

* We still have some way to go in this transformation... and I expect it will take us 12-18 months to achieve the desired positioning.

* We have already indicated that we expect lower absolute dollar earnings this year, over a reduced number of shares.

There will be a further impact with the additional provision for Fox.

Based on our current business projections...we expect a transitional period of 12-18 months.

Then we see a pick up in earnings per share in the year to June 2003 and thereafter, in line with the underlying growth in our businesses.

#12 – Annual Report

* As you would have read in our Annual Report:

- We have a global real estate network and research capability to support our three businesses.

- We have a strong senior management team, specialists in each of our businesses, driving for growth.

- We offer clients added value because of the integrated services that we are able to offer globally... and we believe that offer is unique.

- With the exception of Fox... our businesses are performing well...and we remain optimistic about their growth potential over the longer term.

(PAUSE)

On David

* Finally, on a personal note... I would like to thank Stuart for his support and guidance to me over the last 14 years working together.

I would also congratulate him for the way he has led the Board in a period of unprecedented change.. and for his lifelong contribution to Lend Lease.
