

Directors' Report

The Directors present their report together with the Financial Report of the consolidated entity, being the Company and its controlled entities ("Lend Lease") for the year ended 30 June 2002 and the Auditors' report thereon.

Directors

Board

The names, qualifications, experience and special responsibilities of each person holding the position of Director of the Company at the date of this Report are:

J K Conway, Chairman (Non-Executive)

Mrs Conway, aged 67, joined the Board in 1992 and was appointed Chairman at the 2000 Annual General Meeting. Mrs Conway is a Member of the Personnel & Organisation Committee and Chairman of the Executive Committee. Her qualifications are BA(Hons) Sydney University, University Medal in History in 1958 and PhD Harvard University 1969.

Mrs Conway also holds numerous Honorary Doctorates from North American and Canadian Universities. Mrs Conway is a Director of Merrill Lynch & Co, Colgate-Palmolive Company Inc. and Nike Inc. She is also a former Trustee of Teachers Insurance and Annuity Association College Retirement Equities Fund and a former Member of the Harvard University Board of Overseers and numerous other university and charitable boards. Mrs Conway was President and Sophia Smith Professor of History at Smith College from 1975 to 1985 and now teaches as a Visiting Professor in the Science, Technology and Society Program of the Massachusetts Institute of Technology.

D H Higgins, Managing Director (Executive)

Mr Higgins, aged 47, joined the Lend Lease Group in 1985. He was previously the Chief Executive of Civil & Civic Pty Limited and Lend Lease Interiors Pty Limited (now Bovis Lend Lease Pty Limited) and then Chief Executive of the Property Services Australia and Property Services Asia Divisions of the Group before being appointed as Managing Director and Chief Executive in March 1995.

Mr Higgins is a Member of the Personnel & Organisation and Executive Committees. His qualifications are BEng (Civil), Diploma Securities Institute of Australia.

A Aiello (Executive)

Mr Aiello, aged 59, joined the Lend Lease Group in January 1998 as Chief Information Officer. He was appointed to the Board in May 1998. Mr Aiello was previously President of Fidelity Investments Systems Company and a Managing Director of Fidelity Investments, located in Boston, Massachusetts. He has considerable experience in the strategic direction, implementation and operation of technology and e-commerce.

Mr Aiello is the Chairman of the Software Productivity Consortium, a consortium of major United States defence contractors and telecommunications companies. He is a member of the US Government Accounting Office (GAO) Executive Committee with oversight for IT expenditure. He has a Bachelor of Science Degree in Engineering from the Polytechnic Institute of New York, a Master of Industrial Engineering, a Master of Science in Operations Research and a PhD in Business Administration from New York University.

Y H Chua, BBM (Non-Executive)

Dr Chua, aged 58, was appointed to the Board in October 1994. He is a Member of the Risk & Compliance Committee as well as chairing Asia Pacific Investment Company Limited. Based in Singapore, Dr Chua was previously Group General Manager/Chief Executive of Suntec City Development Pte Limited, General Manager of Temasek Holdings Pte Limited and Group Managing Director of United Engineers Limited. He is Chairman of Stanbridge International Pte Limited and a Director of Clipsal Industries (Holdings) Limited.

Dr Chua is Singapore's High Commissioner to the Republic of Namibia and the Kingdom of Swaziland, a Justice of the Peace and also the Co-Patron of the Australian Chamber of Commerce (Singapore). For his many years of contribution to social and community services, he was awarded the Public Service Medal and Public Service Star by the President of Singapore. An engineer by profession, his qualifications are a first-class honours degree in Applied Chemistry, a Diploma in Business Administration and a PhD in Chemical Engineering (NSW).

D A Crawford (Non-Executive)

Mr Crawford, aged 58, was appointed to the Board in July 2001. He is the Chairman of the Risk & Compliance Committee and a Member of the Executive Committee. Mr Crawford is a Non-Executive Director of BHP Billiton Limited, Foster's Group Limited, National Foods Limited and Westpac Banking Corporation and Deputy Chairman of the Australian Ballet. Previously he was National Chairman of the Australian firm of KPMG. He is currently a Member of the Council of the University of Melbourne, the Treasurer of the Melbourne Cricket Club and has been appointed to the Advisory Board of Allens Arthur Robinson.

Mr Crawford has degrees of Bachelor of Commerce and Bachelor of Laws from the University of Melbourne and is a Fellow of the Institute of Chartered Accountants. He has extensive accounting and business experience having worked with many large corporations and governments.

G G Edington (Non-Executive)

Mr Edington, aged 56, joined the Board in 1999 and is a Member of the Risk & Compliance and Executive Committees. He is Chairman of UK property company Greycoat Estates Limited and Garden Park Investments Limited. Mr Edington was a Director of BAA plc and Chairman of BAA International. He joined BAA plc in 1988, became a Member of the Board in 1991 and has been the Chairman of six BAA companies. He is also a Past President of the British Property Federation and was a Member of the Bank of England Property Forum.

Qualified as a Chartered Surveyor, Mr Edington brings to the Board extensive UK and international experience in the property sector. He has also been involved with a number of charitable organisations and is currently Chairman of NCH, one of the UK's leading child care charities.

Directors' Report continued

Directors continued

Board continued

P C Goldmark (Non-Executive)

Mr Goldmark, aged 61, joined the Board in 1999 and is the Chairman of the Personnel & Organisation Committee. He has been the Chairman and CEO of The International Herald Tribune in Paris since 1998. Prior to this he was for ten years the President and CEO of the Rockefeller Foundation in New York. He has also held the positions of Senior Vice-President of the Times-Mirror Corporation, Executive Director of the Port Authority of New York and New Jersey and Director of the Budget for the State of New York.

Mr Goldmark graduated with a BA from Harvard College, Government Department, magna cum laude. He brings to Lend Lease his wide experience as a CEO and senior executive in the private and public sectors, both in the United States and internationally.

R A Longes, Deputy Chairman (Non-Executive)

Mr Longes' qualifications are BA, LLB, MBA. Mr Longes, aged 57, joined the Board in 1986 and was appointed Deputy Chairman in January 2000. He is a Member of the Risk & Compliance and Executive Committees. He is also Chairman or Director of a number of Lend Lease Group subsidiary companies. Other Directorships include Australian Water Services Pty Limited, Lyonnaise Asia Water Limited, Metcash Trading Limited, National Institute of Dramatic Art and Investec Australia Pty Limited. He has also been appointed to the Aboriginal Tourism Leadership Group.

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

R G Mueller, CBE (Non-Executive)

Mr Mueller, aged 68, was appointed to the Board in 1996. He is a Member of the Personnel & Organisation Committee. He is Chairman of WJB Chiltern Group plc and a Member of the Board of the International Management Institute – Kiev. Mr Mueller was previously Chairman of Union Bank of Switzerland – UK Group, a Member of the Union Bank of Switzerland Group Executive Board and a Director of T I Group plc.

Mr Mueller was formerly a Member of the Board of the Royal Opera House, Covent Garden, a Member of the Board of the London Stock Exchange from 1991 to 1995 and was Founder Chairperson of SOFFEX (Swiss Options and Financial Futures Exchange) from 1986 to 1988. Mr Mueller holds a Swiss Federal Commercial Diploma and graduated from the International Management Institute in Geneva with a diploma equivalent to an MBA. In recognition of Mr Mueller's contribution to the financial services sector he was made a Commander of the British Empire (CBE) in 1997.

R E Tsenin (Executive)

Mr Tsenin's qualifications are BEc (University Medal, Sydney) and Diploma in Corporate Finance Management (London Business School). Aged 53, he joined the Board in 1997 and was subsequently appointed Finance Director. Mr Tsenin is a Member of the Executive Committee.

Mr Tsenin commenced his career with Royal Dutch Shell (Group Planning Division) in London and joined Goldman Sachs in 1987. He has extensive corporate finance experience in London, New York and Sydney and was Managing Director of Goldman Sachs' Australian subsidiary. Mr Tsenin has served on the Boards of National Mutual Holdings, National Mutual Life Association of Australasia and Australian Casualty and Life, Telstra Corporation Limited and Sagasco Holdings.

Since the date of the last Report, Mr E D Cameron and Ms D J Grady retired as Directors of the Company.

E D Cameron, (Non-Executive)

Mr Cameron retired as a Director on 1 November 2001, having joined the Board in 1989. He was the Chairman of the Risk and Compliance Committee.

D J Grady, (Non-Executive)

Ms Grady retired as a Director on 1 July 2002, having joined the Board in 1994. She was a Member of the Personnel & Organisation Committee.

Directors continued

Directors' Meetings

During the financial year four scheduled full agenda Board meetings and five restricted agenda Board meetings were held. The Board recognises the essential role of Committees in guiding the Company on specific issues. Committees address important corporate issues calling on senior management and external advisers prior to making a final decision or making a recommendation to the full Board.

There are two permanent Committees of the Board:

Personnel & Organisation Committee

Comprising a majority of Non-Executive Directors, the Personnel & Organisation Committee assists the Board in ensuring that appropriate policies are in place for people management and compensation across all our businesses worldwide. The Committee focuses on the importance of human capital to the Group's strategic and business planning.

Risk & Compliance Committee

The Risk & Compliance Committee is made up entirely of Non-Executive Directors and assists the Board by reviewing the risk management and compliance systems in all our businesses worldwide and by being assured that assets are protected against financial loss, legal and regulatory obligations are met, and proper accounting and auditing practices are maintained.

In addition, the Executive Committee was established following the announcement in May 2002 of a global search for a successor to the CEO.

Executive Committee

The Executive Committee has been established to provide support until such time as an orderly transition has been managed.

The table below shows attendances (including attendance by telecommunication) by Directors at Board and Committee meetings during the year.

Attendance at Meetings of Directors 1 July 2001 to 30 June 2002

Director	Board Meetings				Committee Meetings	
	Full Agenda Held ⁽¹⁾	Full Agenda Attended	Restricted Agenda Held ⁽¹⁾	Restricted Agenda Attended	Held ⁽¹⁾	Attended
A Aiello	4	4	5	3	-	-
E D Cameron ⁽²⁾	2	2	1	1	2	2
Y H Chua	4	4	5	3	5	5
J K Conway	4	4	5	5	10	10
D A Crawford ⁽³⁾	4	4	5	5	7	7
G G Edington	4	4	5	4	7	7
P C Goldmark	4	4	5	5	7	7
D J Grady	4	4	5	3	8	8
D H Higgins	4	4	5	4	9	8
R A Longes	4	4	5	5	8	8
R G Mueller	4	4	5	4	7	7
R E Tsenin	4	4	5	5	3	3

(1) Reflects the number of meetings held during the time the Director held office during the year.

(2) Mr Cameron retired as a Director on 1 November 2001.

(3) Mr Crawford was appointed to the Board on 19 July 2001.

In addition, as required, matters were dealt with by Circular Resolution and ratified at the next meeting of the Board or appropriate Committee.

Directors' Report continued

Directors continued

Interest in Capital

The interest of each of the Directors in the issued shares of the Company at 5 September 2002 (31 August 2001) is set out below.

Director	Shares Held Directly 2002	Shares Held Beneficially/ Indirectly 2002 ⁽¹⁾	Shares Held Under Employee Share Plans 2002 ⁽²⁾	Shares Held Directly 2001	Shares Held Beneficially/ Indirectly 2001 ⁽¹⁾	Shares Held Under Employee Share Plans 2001 ⁽²⁾
A Aiello	2,000			2,000		
E D Cameron ⁽³⁾	N/A			15,592		
Y H Chua	13,153	1,522		9,031		
J K Conway	18,086	6,088		9,436		
D A Crawford	2,940	726		2,000		
G G Edington	15,000	1,522		15,000		
P C Goldmark	2,500	1,765		2,000		
D J Grady ⁽⁴⁾	N/A			7,593		
D H Higgins	1,036		81,841	1,036		81,841
R A Longes	11,120	36,044		9,474	32,903	
R G Mueller	7,000	1,522		5,000		
R E Tsenin	2,000		1,500	2,000		1,500

(1) Includes shares beneficially held by Non-Executive Directors in the Retirement Plan.

(2) Includes shares beneficially held by Executive Directors in Employee Share Plans.

(3) Mr Cameron retired as a Director on 1 November 2001.

(4) Ms Grady retired as a Director on 1 July 2002.

Interest in Registered Schemes

The interest of each of the Directors in the registered schemes of the Lend Lease Group at 5 September 2002 is set out below.

Director	Registered Scheme	Direct Interest		Beneficial/ Indirect Interest	
		No. of Units 2002	Value \$ 2002	No. of Units 2002	Value \$ 2002
Y H Chua	General Property Trust	2,240	6,182		
R A Longes	General Property Trust			2,405	6,638

Principal Activities

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

- Real estate project management, project design and construction management.
- All aspects of property development from concept through to design, planning, construction, financing, leasing and eventual sale.
- Management of real estate investment funds, (which may be partnerships, trusts or other entities) and separate accounts on behalf of clients (including acquiring, managing and selling investments), co-investment in funds or real estate assets, portfolio management, originating and servicing of commercial mortgages, resolution of sub-performing and non-performing commercial mortgages, shopping centre leasing, management and redevelopment and acting as financial advisor and arranger of project finance and related services.
- Investment in companies where strategic business rationales exist and where a mutually beneficial business relationship with these companies can be developed.
- Group Treasury and corporate administration services.

Review and Results of Operations

The Directors report that in the year to 30 June 2002, Lend Lease earned an operating profit after tax of \$226.3 million, an increase of 49.5% on the previous year's profit after tax of \$151.4 million.

A review of operations is included in Management's Discussion and Analysis of Financial Condition and Results of Operations (Concise MD&A) section of the Financial Report which accompanies this Directors' Report.

Dividends

The 2001 final dividend of \$34.5 million (8 cents per share 100% franked) referred to in the Directors' Report dated 31 August 2001 was paid on 13 September 2001.

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

Interim dividend of 9 cents per share (100% franked) paid on 20 March 2002

Final dividend of 9 cents per share (100% franked) declared by Directors to be paid on 19 September 2002

\$m
38.8
39.1
77.9

Significant Changes in State of Affairs

There was no significant change in the state of affairs of Lend Lease during the year.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of Lend Lease, the results of those operations or the state of affairs of Lend Lease in subsequent financial years.

Likely Developments

Details of likely developments in the operations of Lend Lease in subsequent financial years are contained in the Reports from the Chairman and Managing Director.

Environmental Regulation

Lend Lease is subject to a variety of general environmental regulations, particularly in respect of its real estate development, project management and real estate asset management businesses in Australia and overseas. These general regulations relate typically to noise and dust control, solid waste management and discharges to waste water systems.

As part of its operational procedures, Lend Lease has, for a number of years, required each of its businesses to have an integrated Environment Management System. This system, as a minimum, has as its goal to ensure compliance with applicable regulations and legislation.

As part of Lend Lease's Environment Management System, we develop specific management plans for environmentally sensitive activities. Examples of these plans are:

- **Cronulla Waste Water Treatment Plant, Sydney Australia.** In designing this plant, environmental management plans were developed. These addressed such issues as chemical-free processing, ultra-violet disinfection of 100% effluent, the capture and conversion of methane gas into electricity for use in the plant, and recycling of up to 18 million litres of effluent per day for industrial use. It also recognises the sensitivity of the surrounding land and substantial land rehabilitation was undertaken to protect the habitat of the endangered Green and Golden Bellfrog.
- **Mawson Lakes, South Australia.** Mawson Lakes, a joint venture with the South Australian Government and Delfin Lend Lease Consortium, has been designed and built as a residential village. The village is linked to a new lakeside town centre, University and Technology Park. In the design and build of Mawson Lakes an innovative water and environmental management system was devised. Paramount to the system was the protection of existing flora and fauna, and the need for all buildings to be energy and waste efficient.

- **Hickson Road, Sydney Australia.** In 2003 the Corporate Head Office of Lend Lease will be moving to a new purpose built building. In the design and development, specific environmental management plans have been adhered to. The aims of the plan are to develop a building that combines community with utility and sustainable building practices. To this end an environmental task force has been established and consultation with key stakeholders has occurred. The site has particular environmental management requirements involving the remediation of the site prior to construction. Historic sub-surface contamination on-site has required the implementation of strict environmental management practices to ensure safe handling and proper treatment/disposal of contaminated material from the site. All works are being undertaken in accordance with State Environment Protection Authority requirements and industry best practice. In particular, the remediation works involve the potential generation of odours, so BLL's management practices include strategic odour control measures across the site and pro-active community liaison to minimise any nuisance to our future neighbours.

The Risk & Compliance Committee receives reports on a quarterly basis as to any significant environmental risks and non-conformance with Lend Lease's environmental health and safety policy.

The Directors have caused enquiries to be made with respect to compliance with applicable environmental regulations during the reporting period. Based on the result of these enquiries no significant non-compliance issues have been brought to the attention of the Directors.

Lend Lease has a 50% interest in Australian Water Services (AWS) (operator of the water treatment plant at Prospect). An exemption from the Protection of the Environment Operations Act (NSW) was granted by the Environment Protection Act while a new supernatant filtrative system was constructed. The new filtration system was completed in January 2002, prior to the exemption's expiry in May 2002.

Directors' and Senior Executives' Compensation

Compensation Policy and Senior Executive Incentives

Lend Lease's Compensation and Benefits Policy is determined by the Personnel & Organisation Committee (P&O Committee) of the Lend Lease Corporation Board. Our policy is to reward senior executives with market competitive compensation and benefits, taking account of both Company and individual performance. With some 80% of Lend Lease operations now located outside Australia, our compensation policy has been designed to ensure that rewards to senior executives are consistent with international standards. In assessing these standards, Lend Lease takes account of expert advice and international comparators in the real estate and related sectors.

Directors' and Senior Executives' Compensation continued

Compensation Policy and Senior Executive Incentives continued

Lend Lease's approach to executive compensation is to provide a balance of fixed and performance-based cash elements with an emphasis on increasing 'at risk' compensation for senior executives and Board members. Outlined below are the elements and the philosophy behind them.

Compensation paid by Lend Lease is designed to be appropriate and competitive in each of its business locations having regard to local practice on such issues as incentives, pension/superannuation and other benefits. Lend Lease also recognises the need to take account of differing costs of living, especially in relation to expatriates and this is reflected in compensation for expatriate senior executives in our various locations.

In respect of its equity-based remuneration plans, Lend Lease currently follows the Australian Accounting Standards which do not require recognition at full market value. The Directors support the current initiatives to adopt full market value accounting for equity-based remuneration by the International and Australian Accounting Standards Boards.

Base Salary

Salaries are set at competitive levels, targeted at median against comparable companies, with annual reviews to reflect market conditions and personal performance. For guidance, the P&O Committee and Business Unit Executive Committees use information available in published job-matched surveys of similar companies. As appropriate, they also commission surveys to supplement the published information.

The salaries of the Managing Director, the Executive Directors, Business Unit CEOs and Corporate Function Heads are set by the P&O Committee. These are determined in July of each year. In the cases of the Executive Directors and Business Unit CEOs, the Committee is assisted in this review by the Managing Director and the Group Senior Executive – Human Resources.

Superannuation/Pension Plans

Pension plan arrangements are in place in most international locations. Senior executives (and other employees) join either a defined benefit or a defined contribution plan. Expatriates usually remain members of their home country fund.

Other Benefits

Other benefits for senior executives (and other employees) may include subscriptions of up to 5% of base salary to their employee share plans and participation in the annual profit share scheme under which Lend Lease employees receive an equal share of an amount equivalent to between 0% and 7% of the Company's pre-tax profit (adjusted for "one-offs") over the preceding 12 months. Participation in these benefits is dependent on the country in which the senior executives are located. For senior executives located away from their home country, expatriate benefits such as accommodation and education allowances may be provided.

Short Term Incentive Plan

Annual bonus payments are based upon actual achievement against challenging financial, corporate and individual performance targets approved by the P&O or Business Unit Committees. Although the performance criteria are different for each executive, the principles are similar and involve assessment of performance across four areas:

- Financial – achievement of profit, earnings per share, total shareholder return and other relevant financial targets;
- Strategic Growth – achievement of strategic and business development objectives;
- Operational Effectiveness – improvements in operational performance and internal efficiency; and
- Leadership, Organisation & People – contribution to the enhancement of Lend Lease's skills and reputation, with a focus on the retention and development of employees.

If the full target bonus is earned, annual compensation will normally reach the upper quartile of the relevant employment market. For 2001/2002, the Annual Incentive Plan was modified to focus on profit delivery against market expectations. For all senior executives, the annual bonus was only payable if Lend Lease Corporation Profit after Tax exceeded A\$210 million.

Annual bonuses may be awarded in a number of ways:

- 1. Cash** – this is the predominant method of delivery for senior executives
- 2. Shares issued under Lend Lease Employee Share Plans (ESP)** – ESP entitlements may be awarded to senior executives as part of their annual performance bonus on the basis of either 100% immediate vesting or a percentage maturing at the time of award and the balance maturing over three to five years (subject to the senior executive remaining employed by the Group). ESP arrangements operate in Australia, Asia, the UK and the US.
- 3. Global Reward Program** – Allocations under the Global Reward Program progressively 'mature' over three to five years (subject to the senior executive remaining employed by the Group). On cessation of employment, a cash amount referable to the price of Lend Lease shares at that time is paid according to allocations then matured.

Long Term Incentive Plan

Lend Lease's current Long Term Incentive Program (LTIP) was introduced and approved by the Board in 1999 and was updated and extended in 2001 and in 2002. The objectives of the LTIP are essentially twofold:

- Aligning senior executives with the long term interests of Lend Lease and its shareholders; and
- Attracting and retaining senior executives of high calibre by providing competitive rewards which relate to the performance of both the individual executive and the Lend Lease share price.

Directors' and Senior Executives' Compensation continued

Long Term Incentive Plan continued

The LTIP grant is normally made in July each year and is based on competitive remuneration practice. Grants also depend on personal contribution and potential and are designed to retain and motivate high performing and key executives. The LTIP is in the form of a dollar figure 'grant' which is notionally 'invested' over time to deliver value depending on:

- Whether the executive remains with the Company – if the executive resigns before vesting, the grant will lapse;
- Whether performance hurdles, which include a service related element, are achieved over the plan period – if the hurdles are not achieved, the grant will lapse; and
- The performance of the Lend Lease share price – the value of the grant on maturity will be determined by the rise in the Lend Lease share price since the date of the grant.

The LTIP is a cash scheme with payments made upon maturation, which will occur three to five years after the date of grant if performance hurdles are met. In certain circumstances, for example where there are particular retention issues, the maturation period may be reduced to two years.

Executives who do not participate in the Lend Lease Corporation LTIP may participate in other LTI Programs using business unit measures, including a service related element, as hurdles.

Under the LTIP, a senior executive's initial dollar 'grant' is normally allocated equally, or otherwise at the option of the senior executive or Board discretion, between:

- Performance Shares (PSs) – the value of these will rise or fall with the value of Lend Lease shares; and
- Share Appreciation Rights (SARs) – these are only payable if the price of Lend Lease shares at the date of maturity is higher than the date of grant. The senior executive will receive nothing in respect of these if the share price is lower than the price at the date of grant.

For the purposes of the allocation, PSs are attributed a value equivalent to the Lend Lease share price at or about the date of the allocation, while SARs are valued at approximately one third of PSs, which reflects their greater risk profile.

LTI Details

Details of LTI grants allocated in the year to 30 June 2002 to each of the current Executive Directors of Lend Lease and the five most highly compensated senior executives who receive LTIs are set out in the table below:

Senior Executives	LTI Grant 2002
R Taylor – UK	A\$1,500,000
D Skidmore – US	US\$350,000

James Quille has a fund-specific LTI, based on his role in respect of Lend Lease Global Properties, which is 5% of the incentive and performance related fees earned over the life of the fund.

Previous LTI Program

As set out in prior reports, a previous LTI program was established in 1996 with the primary purpose of rewarding and keeping the leadership team in place over a period of five years. Allocations of 50,000 Global Rewards made to R Tsenin in 1997 matured under this program in 2002, having a value of A\$1,054,000 on maturity (based on 30 June 2002 share price of A\$10.54). Mr Tsenin will be paid these allocations upon cessation of employment, referable to their value at that time.

Directors' Report continued

Directors' and Senior Executives' Compensation continued

Salary, Short Term Incentives and Other Benefits

Details of the compensation of each executive director in office at 30 June 2002 and of the five most highly compensated senior executives employed by the Group at 30 June 2002 are shown below:

	Year	Salary ⁽¹⁾ A\$	Other ⁽²⁾ Benefits A\$	Performance Related Cash Bonus A\$	Total ⁽³⁾ Current Year Compensation A\$	Other Items ⁽⁴⁾ In Respect of Previous Years A\$	Total A\$
Executive Directors							
D H Higgins	2002	1,030,255	645,278	1,050,000	2,725,533	106,138	2,831,671
(Managing Director) ⁽⁵⁾	2001	1,207,830	675,098	Nil	1,882,928	261,266	2,144,194
R E Tsenin	2002	1,381,663	126,896	755,222	2,263,781	39,694	2,303,475
(Finance Director) ⁽⁶⁾	2001	997,000	2,253,606	Nil	3,250,606	147,688	3,398,294
A Aiello (Executive Director & Chief Information Officer) ⁽⁷⁾	2002	1,307,692	28,033	1,346,154	2,681,879	480,769	3,162,648
	2001	1,116,822	21,723	487,850	1,626,395	233,355	1,859,750
Senior Executives							
L Cochrane ⁽⁸⁾	2002	1,461,538	329,375	692,308	2,483,221	Nil	2,483,221
	2001	1,128,648	239,908	728,972	2,097,528	Nil	2,097,528
R Taylor ⁽⁹⁾	2002	1,046,744	652,718	420,000	2,119,462	Nil	2,119,462
	2001	1,115,322	464,708	480,000	2,060,030	88,841	2,148,871
J Quille ⁽¹⁰⁾	2002	705,865	313,468	625,000	1,644,333	441,071	2,085,404
	2001	516,539	477,677	560,748	1,554,964	40,635	1,595,599
D Skidmore ⁽¹¹⁾	2002	576,923	1,001,663	432,692	2,011,278	8,268	2,019,546
	2001	514,019	60,319	420,561	994,899	9,350	1,004,248
G Elkington ⁽¹²⁾	2002	584,602	855,974	144,231	1,584,807	9,068	1,593,875
	2001	485,981	611,463	74,766	1,172,210	35,893	1,208,103

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

(2) 'Other Benefits' includes Company contributions made to Superannuation/pension funds, housing and other allowances for international assignees, and other minor benefits. For Australian-based Directors and executives, the cost to Lend Lease of Superannuation is nil as Company contributions are not payable at present due to the surplus of assets over accrued benefits held by the Lend Lease Superannuation Fund. The amount included is the notional amount of the contribution made on behalf of the individual.

(3) Relates to the total compensation earned in respect of the year.

(4) Includes the value of ESP/Global Reward allocations made in previous periods in respect of short term incentives that 'matured' during the year. The value is based on the Lend Lease share price of \$10.54 as at 30 June 2002. Shares held in ESPs are subject to the rules of the plans and in some cases other contingent events.

(5) Mr Higgins is based in the UK and is paid in £. 'Other Benefits' includes health insurance, motor vehicle and housing allowances in respect of service in the UK (which are paid in £). During the year, accrued superannuation benefits for Mr Higgins, referenced to his Australian service, amounting to \$A4.220 million were transferred from the Lend Lease Superannuation No. 2 Fund to PLUM Superannuation Fund (another Lend Lease Group employer sponsored fund). The transferred sum represented accrued Australian defined benefit entitlements under the Lend Lease Superannuation No. 2 Fund and Global Rewards entitlements, disclosed in previous years.

(6) Mr Tsenin is based in the UK and is paid in £. 'Other Benefits' includes health insurance and motor vehicle allowances. Total compensation does not include an amount of A\$1,054,000 in respect of long term incentives granted in 1997 that matured during the year.

(7) Mr Aiello is based in the US with compensation paid in US\$. During the year Mr Aiello's bonus performance measurement period was changed from a calendar year basis to an Australian financial year basis. As a result, Mr Aiello was paid a bonus in December 2001 of US\$250,000 for the period 1 January 2001 to 30 June 2001 in addition to US\$700,000 for the period 1 July 2001 to 30 June 2002. 'Other Benefits' for 2001 included amounts paid for the provision of health insurance.

(8) Mr Cochrane is based in the US with compensation paid in US\$.

(9) Mr Taylor is based in the UK and is paid in £.

(10) Mr Quille is based in Hong Kong and is paid in US\$. 'Other Benefits' include housing and education allowances under Lend Lease international assignee conditions.

(11) Mr Skidmore is based in the US and is paid in US\$. Included in other benefits is US\$500,000, which represents a retention payment which matured in September 2002.

(12) Mr Elkington is based in the US and is paid in US\$. 'Other Benefits' include housing and education allowances under Lend Lease international assignee conditions.

Directors' and Senior Executives' Compensation continued

Salary, Short Term Incentives and Other Benefits continued

Non Continuing Senior Executives

Mr M Banks ceased employment with the Lend Lease Group on 31 August 2001. Mr Banks was previously the Chief Executive of US REI and was based in the United States of America. Mr Banks received the following amounts in respect of the year ended 2002: A\$158,231 in salary during the year; A\$119,315 in accrued entitlements, including superannuation and other benefits and A\$291,331 in respect of amounts paid on termination.

Further, in accordance with restricted covenant contractual arrangements which Mr Banks entered into at the time of cessation of employment with the Group, Mr Banks also received a payment of A\$1.8 million in January 2002 and will receive a further payment of A\$900,000 in January 2003, subject to certain conditions being met.

Non-Executive Directors

Compensation Policy

Directors' fees have been set at US\$50,000 per annum covering all Board duties, including one overseas meeting of a week's duration, and service on at least one Board Committee. Fee levels are in line with international benchmarks for a company of Lend Lease's size. The Chairman's fees are four times the standard Directors' fees and the Deputy Chairman's two times. Chairmen of Board Committees receive an additional US\$8,000 per annum.

In addition, Non-Executive Directors may devote additional time to key business and strategic issues including serving on associated company boards, ad hoc Board committees and other duties performed at the request of the Chairman and Managing Director where an individual Non-Executive Director has specific skills to contribute. This additional time is compensated at US\$2,000 per day and the time committed varies significantly from Director to Director in accordance with the needs of the Company, individual Director's expertise and the Director's availability.

In order to allow Directors to receive some of their annual compensation in shares rather than cash, and thus increase their alignment with the interests of shareholders, a revised Non-Executive Directors' Share Ownership Plan was approved at the 2000 Annual General Meeting. This plan allows Directors to acquire Lend Lease shares by foregoing an equivalent amount of Directors' fees to an amount equal to the value of the shares acquired. A majority of Directors have participated in this plan. Subscriptions are made at the same price, at the same time and otherwise on the same terms as the Share Purchase Plan available to Australian and New Zealand registered shareholders and only while the Share Purchase Plan is operative. A Director is restricted from dealing with these shares until retirement. However, a Director may deal with shares at an earlier time to the extent necessary to meet an earlier tax liability in respect of the shares.

Retirement Plan

As explained when the current retirement plan for Directors was approved at the 2000 Annual General Meeting, the current plan is designed to provide for retirement benefits for Directors which are based only on fees for Board service, and are accrued in Lend Lease shares so that the benefit derived fluctuates in line with the value of Lend Lease shares. An additional purpose for this change was to place a limit on the rate of accumulation of Directors' prospective retirement benefits. Thus in this report accruals under two different plans are reported, the current one being designed to align Directors' earnings with the interest of shareholders. Under the current plan, the Company will issue to, or acquire for, or for the benefit of, each Non-Executive Director a number of Lend Lease shares which is equal in value to 0.2 times the Director's fees (being fees for attending and chairing Board and Board Committee meetings), but not additional fees.

Allocations are made in arrears on 1 January each year. For this purpose, the value of the shares on acquisition will be the weighted average price of Lend Lease shares traded on the Australian Stock Exchange during the five business days prior to 1 January each year. The shares will be accessible only on retirement. Directors will be exposed to share price risk until this time. However, shares can be sold at an earlier time to the extent necessary to meet an earlier tax liability in respect of the shares.

Directors' Report continued

Directors' and Senior Executives' Compensation continued

Non-Executive Directors continued

Compensation Amounts

The following table sets out the compensation received and benefits accrued under the current retirement plan by Non-Executive Directors for the year ended 30 June 2002.

	Year	Directors' Fees US\$ ⁽¹⁾	Representation on Associated Company Boards US\$ ⁽²⁾	Additional Board Duties US\$ ⁽³⁾	Other Benefits US\$ ⁽⁴⁾	Retirement Benefits US\$ ⁽⁵⁾	Total Compensation US\$
J K Conway	2002	200,000			1,810	40,000	241,810
Chairman	2001	143,742	44,933	58,563	4,503	20,000	271,741
R A Longes	2002	100,000	78,826		4,578	20,000	203,404
Deputy Chairman	2001	78,508	90,911	5,999	5,362	10,000	190,780
E D Cameron ⁽⁶⁾	2002	19,543	27,630		4,543	3,909	55,625
	2001	48,005	82,540			5,800	136,345
Y H Chua	2002	68,000	55,000		1,531	10,000	134,531
	2001	53,005	70,168		2,662	5,000	130,835
D A Crawford ⁽⁷⁾	2002	52,859			3,872	10,572	67,302
G G Edington	2002	74,000		28,626	3,940	10,000	116,566
	2001	56,005	10,756	25,000	4,001	5,000	100,762
P C Goldmark	2002	82,000		8,000	4,206	11,600	105,806
	2001	60,005	11,811		4,326	5,800	81,942
D J Grady ⁽⁸⁾	2002	50,139	24,000	50,000	6,381	10,027	140,545
	2001	44,005	29,919	23,032	4,503	5,000	106,459
R G Mueller	2002	74,000	36,000	23,000	15,486	10,000	158,486
	2001	56,005	73,394		3,345	5,000	137,744

(1) Includes fees for attending, chairing and travelling to Board and Board Committee meetings. Also includes shares allotted at market value pursuant to the revised Non-Executive Directors' Share Ownership Plan approved by shareholders at the 2000 Annual General Meeting.

(2) "Representation on Associated Company Boards" includes attending, chairing and travelling to Associated Company Board and Committee meetings.

(3) "Additional Board Duties" includes other services requested by the Chairman and Managing Director where a Non-Executive Director has particular skills to contribute.

(4) "Other Benefits" includes compulsory superannuation contributions (maximum per individual Director US\$4,578 (2001: US\$4,503) and other minor fringe benefits (including fringe benefits tax).

(5) "Retirement Benefits" is the amount accrued during the financial year ended 30 June 2002 under the current retirement plan. The equivalent value in shares is allotted in arrears on 1 January each year.

(6) Mr Cameron retired as a Director on 1 November 2001.

(7) Mr Crawford was appointed as a Director on 19 July 2001.

(8) Ms Grady retired as a Director on 1 July 2002.

Directors' and Senior Executives' Compensation continued

Retirement Plan Changeover Arrangements

A defined benefit Retirement Benefit Plan ("previous plan") was approved by shareholders at the 1990 Annual General Meeting. Changeover arrangements which were advised to shareholders at the 2000 Annual General Meeting have been effected to transition from the previous plan to the current plan for Directors who were on the Board on 31 December 2000. Under these arrangements, retiring Non-Executive Directors will receive a multiple applied to the average of their annual emoluments (ie. Directors' fees and fees for additional Board duties) over the previous three years. The multiple is 0.6 for each of the first five years of service as a Non-Executive Director and 0.2 for each year over five years to 15 years. This multiple for each Director was frozen at the multiple which would have applied if the Director had retired on 31 December 2000.

The following table sets out the accrued retirement benefits under the previous plan as at 30 June 2002 (based on the multiple being frozen on 31 December 2000):

Director ^{(2) (3) (4)}	Years of Service at 31 December 2000 Years ⁽¹⁾	Accrued Retirement Benefit at 30 June 2002 US\$
J K Conway	9	876,742
Y H Chua	6	454,798
G G Edington	1	60,644
P C Goldmark	1	43,665
R G Mueller	5	429,578

(1) Relates to years of service as a Non-Executive Director only.

(2) Mr Cameron received a benefit of A\$1,198,819 (US\$603,006) on his retirement on 1 November 2001.

(3) Ms Grady received a benefit of A\$762,894 (US\$434,849) on her retirement on 1 July 2002.

(4) Mr Longes does not participate in the previous plan.

Directors appointed since 1 January 2001 are not be eligible to participate in the previous plan.

Share Options

No share options were issued during the year by the Company or any of its controlled entities, and there are no such options on issue.

Indemnification and Insurance of Directors and Officers

The Company's Constitution provides for indemnification in favour of each of the Directors named on pages 43 to 44 of this Report; the Company Secretaries, Mr P W Crewes and Ms S J Sharpe; and executive officers of the Company or of wholly owned subsidiaries of the Company to the extent permitted by the Corporations Act 2001.

For related entities, the indemnification is provided by approval of a committee of Directors. For unrelated entities in which Lend Lease has an interest, deeds of indemnity are entered into between Lend Lease Corporation Limited and the Director or officer. Since 1 July 2001 the Company has entered into separate deeds of indemnity with the following Directors in relation to unrelated entities named:

- D H Higgins Lend Lease Asia Properties SICAF
 Lend Lease Global Properties SICAF
- R E Tsenin GLL Real Estate Partners GmbH

In accordance with the Corporations Act 2001, the Constitution also permits the Company to purchase and maintain insurance or pay or agree to pay a premium for insurance against any liability incurred by a person as a Director or former Director of the Company or a related body corporate. This may include a liability for reasonable costs and expenses incurred in defending proceedings, whether civil or criminal and whatever their outcome. During the year Lend Lease paid insurance premiums of A\$1,028,221 in respect of its Directors' and Officers' liability policies.

Rounding Off


Lend Lease Corporation Limited is a Company of the kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and, in accordance with that class order, amounts in the financial statements and this report have been rounded off to the nearest tenth of a million dollars, or where the amount of A\$50,000 or less, zero, unless specifically stated to be otherwise.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

Sydney, 5 September 2002.



J K Conway
Chairman



D H Higgins
Managing Director