



15 February 2001

Stock Exchange Announcement Half Year Results - 31 December 2000

STOCK EXCHANGE AND MEDIA ANNOUNCEMENT

Lend Lease Corporation Limited (Lend Lease), a diversified global real estate services group with operations in Australia, North and South America, Europe, Asia and New Zealand, announced an operating profit after tax of \$108.8 million for the six months ended 31 December 2000. Operating profit in the previous corresponding period was \$276.2 million. However, this is not directly comparable as this figure included profit from MLC, the financial services group which was subsequently sold, and it was also based on a higher capital base before the \$1.8 billion buy-back.

Major influences in the result for this period were:

- Provisions and losses on Fox Studios (\$65.0 million after tax) and internet related investments (\$27.1 million after tax) included in the current period
- An after tax profit from the sale of 10% of Bluewater of \$45.5 million.

Earnings per share (eps) was 23.1¢, which is 58% lower than the previous corresponding period. The number of shares on issue has decreased by 88.3 million (or 17.3%) as a result of the share buy-back. This reduction was effected on 2 October 2000.

The Lend Lease Board announced an unfranked dividend of 13.0¢ per share (December 1999 – 32.0¢ per share) to be paid on 14 March 2001. The dividend payout ratio is 51% in line with the previously announced dividend policy for the 2000 year. As previously indicated, the company will move next year to paying only a dividend that can be fully franked. As a consequence of most of the company's earnings coming from offshore, based on current forecasts the dividend is expected to be around 15 cents for the year, although this could change materially depending on the timing of realisation of some Australian taxable profits and losses.

Operating Performance

The following were the most significant factors which contributed to the operating profit in the period:

- Real Estate Investments (including Capital Services) contributed \$87.3 million after tax (December 1999 \$64.3 million) following a full 6 months' contribution from the Boston Financial and AMRESKO business acquisitions.
- Bovis Lend Lease contributed \$41.2 million (December 1999 \$26.4 million) following a full 6 months' contribution from the Bovis business which was acquired from P&O in October 1999.
- Property development contributed \$3.3 million compared with \$89.6 million in December 1999, largely as a result of the Fox Studios provision and losses for of \$65.0 million. The sale of a further 10% of Bluewater contributed \$45.5 million after tax.
- Provisions were made for internet related investments of \$27.1 million.
- Equity Investments contributed \$42.8 million to the result which was profit from the sale of Westpac shares subject to hedge arrangements. This offset the amortisation charge of \$40.2 million in the half year.
- Income from cash balances offset other Corporate costs to give a net positive contribution of \$3.0 million after tax compared to a net cost of \$36.8 million in the December 1999 period.

Assets under Management

Assets under Management were \$84.0 billion at 31 December 2000 compared to \$70.9 billion at 30 June 2000. This is an increase of 18.5%. Excluding currency fluctuations, the increase was 5.4%.

Debt Assets under Resolution have been taken out of Assets under Management and placed in a separate category – Assets under Resolution. Balances increased from \$10.7 billion at June 2000 to \$16.7 billion at December 2000. Loans under Servicing – principally the CapMark business – increased from \$82.7 billion at June 2000 to \$96.5 billion at December 2000.

Annuity fee income totalled \$243.9 million compared to \$132.3 million, reflecting the full period contribution from Boston Financial and the AMRESKO businesses, while transaction fee income totalled \$161.9 million compared to \$98.1 million previously. However, in the real estate equity management component of the US business transaction fee revenue was US\$15.3 million compared to US\$36 million in the previous period. This reflected lower capital raising and property acquisition activity than occurred in the previous period, together with the absence of incentive fees from Funds being realised and proceeds returned to investors.

Work Secured/Backlog

New work secured (Revenue) by Bovis Lend Lease was \$4,446.9 million in the half year. The gross profit margin, or Backlog (forecast gross profit to be earned from all projects under existing contracts as at 31 December 2000) was \$471.0 million, which compared to \$481.8 million at 30 June 2000. The December 2000 figure includes \$8.9 million of backlog from the purchase of IRW, the German project management business.

Earnings Expectations

The company has previously indicated that in the absence of any material deterioration in present market conditions it expects profit after tax to be in the range of \$210-\$230 million for the 2000/01 year on the assumption that we make no further significant provisions or asset sales. This remains the position.

Yours faithfully
LEND LEASE CORPORATION LIMITED

DAVID HIGGINS
Managing Director