

QUESTION: I know you mentioned many millions of dollars in terms of your success before. Could you quantify how we might gauge some of that in terms of shareholder returns? Could you give us a feel, Greg, for your view of the scale and the integration task ahead? And I guess we're talking duration and magnitude, I suppose.

Will there be some sort of asset review period that you will look at before you decide strategically going forward for you and the Board to look at things? And specifically if the problem area is in the United States, then why is everyone seemingly positioned in the UK?

GREG CLARKE: With respect to shareholder value, I only have one way of working with a team to managing shareholder value, which is identifying how we can drive the fundamentals of the business ahead over the long-term in terms of generating strong free cash flow and generating strong revenue growth in the controlling of costs and deep relationships with both the investors and with the customers.

That usually over the long term increases the share price and increases total shareholder returns in terms of dividends as well.

I'm not a great believer in predicting the vagaries of the stock market. Otherwise, I'd be lying on a beach somewhere with a huge yacht. I wouldn't be grubbing around for a living running a corporation and working. So how the stock market is going to move, what that impact will have upon the share price of Lend Lease, I've got no idea, but I do know that if we get the fundamentals right, we hopefully will be competitive in the total shareholder returns we will offer. With respect - what was your second question?

I think the scale of the integration task is always large in implementing a global line of business because most of the fracture lines come, in my experience, in two areas. One is the control structure, which gives you confidence that the assets are being deployed correctly and risks are being appraised correctly without a stultifying bureaucracy which stops anybody making a decision, because you have to devolve power to allow people to relate to specific sets of customer circumstances, but you have to make sure that the control procedures are in place that you don't get out of control in any one area. So that's one area.

The other area is specifically culture. If you don't - I've inherited at times management teams that were committed to global business but didn't embrace the concept. Specifically, you know, you had a group of people around you who were geographically distributed but hadn't embraced the difference of actually running a global business, understanding the trust you have to build up, the transparency you have to build up, the ability to embrace people from different cultures and be flexible in the way you work with them.

So, to me, it's more than about organisational structures; it's about having the right financial control procedures; and it's about having a culture that embraces diversity and change. Too much of a control structure and you are too brittle to survive. You need agility in a global system and the ability to act locally but leverage global scale.

So I think they're the two issues that I will be concentrating on in the short to medium term.

JILL KER CONWAY: And I'd just like to add a comment that one of the reasons these particular strengths and experiences of Greg's are so striking us at Lend Lease is we have built a wonderful set of global businesses - Real Estate Solutions and Real Estate Investments - but we haven't been able to bring them together, and, ideally, long-term, we would like to see those names disappear, and they would be Lend Lease. But that's a very large organisational integration task about which Greg has a lot of experience.

QUESTION: Why is this senior appointment in the UK when the problem areas aren't there?

GREG CLARKE: Well, I will share with you my thoughts on that, which are that whilst you can have a nominal head office in terms of where the chief executive may have his desk, the issue to me is I've never made a global organisation work that didn't have a distributed management team that felt at home in individual markets, and I see core presences in Australia, in Europe, in North America where we have to go out and earn our bread and butter. We have to go out and make it work for our customers in order to deliver returns for our shareholders. You can't do that from a head office.

I'm against the head office ivory tower syndrome where, you know, you've got the big office, you've got the boss, people are called into audiences with the boss. My way of working is to get out and meet the customers and the people in the field and doing the real work. They are the people who are truly adding to shareholder value, and they won't be called in to reviews in London. I will go out and meet with them, and members of the management team, where the actual wealth is being created.

QUESTION: Are the outcomes of the REI review imminent? Secondly, how does that fit in with your comments about taking the time to understand the business? Clearly you are focused on building a deep understanding of the business, and how does that fit with the timing of the REI review?

GREG CLARKE: Well, I don't think that any organisation can afford the luxury of people taking a long time to get up to speed. I'm reviewing the documentation and the analysis of the work done to date. We are committed to making decisions and acting on them by the end of January. I'm going to get up to speed. I'm going to spend a lot of time in depth on that subject. It's one of my top three priorities, and we will meet our commitments.

QUESTION: What are your top three priorities?

GREG CLARKE: In the very short-term my top three priorities are getting to meet the three stakeholder groups of employees, customers and shareholders, to listen very deeply to what they have to tell me, because I'm not out there spinning a message from Lend Lease. I'm out there to listen about what they like, what they don't like, what they're looking for in the future. And in parallel with that, I'm going to immerse myself in the third objective, which is a very important one, of what to do about REI, to get up to speed on the analysis. I've already met some of the key people. I'm going to understand what we're going to do and I'm going to make sure it happens promptly. So I'm not going to be a brake on this company making tough decisions by saying, "I haven't got enough time." I will find the time to learn and drive that process forward.

QUESTION: You talk about the cultural change. Lend Lease has got a very strong culture. In fact, I think you're the first external chief executive since the company was founded. Do you see that there will be any cultural change that you'll be bringing in?

GREG CLARKE: I think there will undoubtedly be cultural change. I've already articulated my views on continuous improvement. You can never be satisfied with the performance in any area of the company. And I think one of the strongest bedrocks we have on which to build is the culture of Lend Lease, the dedication to creating value, the excellence in project management, the understanding of how to leverage different property situations to show returns to shareholders.

So I think the culture itself has some great attributes in terms of respect for the individual and an entrepreneurial side to it looking at uniquely creative solutions to problems. I think that's a starting point.

How that culture grows and spreads to all corners of the Lend Lease global organisation is what concerns me. I'd like to see it grow, improve and be consistent throughout the organisation rather than stronger in some areas than others. So it's that area I'd like to concentrate on.

QUESTION: Have you been given a strategy to implement or are you going to be involved in establishing the strategy here on in?

Also, you mentioned the communications business being a six or seven year sort of wait for the payback. What sort of timeframe have you set yourself in terms of shareholders seeing some sort of results one way or another in terms of the stamp you put on Lend Lease?

GREG CLARKE: The question is complex. For example, I have bought into a global real estate strategy for Lend Lease. I believe in global strategies. I have seen well-implemented global strategies deliver significant competitive advantage and growth in shareholder value.

How that strategy is implemented, where we place our bets, which businesses we stay in, how we harvest the synergies, how we deploy our intellectual capital, is a decision the Board has charged me with, and I will be accountable with my management team to the Board for doing that, and a process of strategy formulation is a partnership between the management team and the Board. The management team comes up with it, the Board challenges it. If they like it, they approve it and we implement it. It is my responsibility to make sure that happens promptly, and it will happen promptly.

Now, with respect to how quickly we can show improvements in some of the fundamentals, the answer is I don't know yet. It's my first day in the job. I've read the management accounts. I've read some strategy formulation documents, but I'll be working very hard to show improvements as soon as they are sustainable.

I am always slightly suspicious of short term improvements which allow you to say, "Look, things are better." We are in the business of generating long term, sustainable improvements in our fundamentals rather than trying to manipulate the share price in the short to medium term.

So as I get my feet under the table, as I work together with the Board and the management team, we will be communicating with you how we are going to improve the fundamentals and what time scales we will operate to.

QUESTION: What is your remuneration for the job? How is the remuneration structure placed?

JILL KER CONWAY: The remuneration pattern for Greg is very simple. It is in line with accepted standards in the UK and Australia. We don't discuss the details of executive compensation, except when we report them at the end of the year in our annual report, but I can tell you that Greg has requested that his long term incentive be paid entirely in Lend Lease shares so that he will be totally aligned with shareholders. For us to do that requires shareholder approval, and we will be seeking that approval as soon as we can so that his alignment will be clear.

QUESTION: Is Greg Clarke's remuneration like the \$4 million or \$5 million that David Higgins got a few years ago.

JILL KER CONWAY: No, we will be reporting executive compensation as we always do.

QUESTION: Is David Higgins staying as an executive director?

JILL KER CONWAY: Yes, David steps down today as Managing Director and Greg takes up that post. David will stay until there has been an orderly hand-over, and Greg will decide when that has taken place. David has been very involved in the REI strategy review, and it's clearly important that there is a transfer of information and networks to take place.

QUESTION: We expected that the REI review would be complete by the end of the year. People have just said by the end of January you will have it and implement it. That already looks like a bit of a slip to me. Can you explain that to us, please?

JILL KER CONWAY: Well, I will simply say that the REI review has turned out to be a more complex and detailed and time-consuming activity than we originally anticipated. And, yes, it has slipped a few weeks.

QUESTION: You talked earlier, Greg, about control procedure being one of the most important things. Can we expect to see in the next few months a focus on Lend Lease's cost control and capital allocation procedures as a result of that?

GREG CLARKE: I think you can rely on the fact that I will show a compulsive and obsessive interest in our financial controls throughout my tenure. I'm a great believer in any good business being built on tight cost controls, and not only tight cost controls but disaggregated benchmarking. We should know what best in class is for each disaggregated component of our business, and we should aim to be an upper quartile performer.

Now, it's a long, hard road to get there, but the sooner you get on that road and understand what you have to do, the better your chances of delivering. So that's a rigorous philosophy that we will be applying going forward. I mean, secondly, on the capital allocation side, I think there are some fundamental decisions there which will drive shareholder value, which I am engaging as we speak.

QUESTION: And, secondly, will we see any change in the internal benchmarks that Lend Lease sets in terms of capital allocation and things like the WACC that they use to make capital decisions.

GREG CLARKE: I don't know the answer to that question yet, to be frank. I mean, it's one of the areas that I'll be looking to, because fundamental to delivering shareholder value over time is having returns in excess of your weighted average cost to capital. I'll be looking at how we manage our weighted average cost to capital and how we can offer significant returns over and above that level, but that's sort of work in progress.

QUESTION: Many industries lend themselves to having large global players. Why do you think that real estate is one of those, when historically it has been dominated by local players in individual markets?

GREG CLARKE: Many organisations have looked at establishing global business models. We certainly see them in financial services. But the cost of branding into consumer markets globally has proved too much, and most of the shareholder value growth in financial services has come from wholesale global business models as opposed to retail global business models.

On the telecommunications side, we've seen quite a lot of success from people like Vodafone establishing a global brand and leveraging quite a lot of high margin services from international travellers who move from country to country and then managing down their costs by global procurement, global product development, global channels of distribution and IT management.

So we've seen examples of success; we've seen examples of failure. I think given that one of the success criteria in my view is the global model works best and most cost effectively when you're selling to industrial or institutional customers as opposed to consumers, because creating a consumer brand for Lend Lease would be beyond our financial capabilities. But, luckily, we don't have to do that.

We have to create a trusted brand with a limited number of industrial partners, investors, governments and institutions. That would then allow us to leverage the global scale and capability of

a global organisation to be able to deliver on that, and it's my belief that that forms a successful basis for the construction of a global business. I think we will be judged on how well we can execute against that and catch those competitive advantages and synergies going forward. But my belief is it can be done.

QUESTION: How would you describe the relationship between yourself and the chairman at Cable & Wireless? How much influence was there from the chairperson?

GREG CLARKE: Pretty good. David Nash, who is the incoming chairman, was my chairman for two years. He was my chairman when we broke up Cable & Wireless Communications, something we bought for £4 billion and sold for £15 billion three years later, having integrated it, changed the culture, improved the performance and trebled the share price over the period. So he and I have a very good ongoing relationship.

Well, the model we worked then, which is very similar to the model that I discussed with Jill, is that the chairman runs the board and the chief executive runs the company. There is clear delegation of authority, and all issues of materiality with respect to governance, strategy and major investments are discussed in full with the board and not in a peremptory fashion, in terms of there is a good discussion, there is documentation available, the options are discussed, the criteria of the choosing between those options are transparent, and there's a clear recommendation made to the board, which the board will then rigorously and vigorously challenge, which is, as far as I'm concerned, good governance.

I'm a firm believer in a clear plurality between the chief executive and the chairman, which is in the best interests of all the stakeholders, and that's historically the model which I've operated within, and it's the understanding that we have going forward.

JILL KER CONWAY: It certainly is.

QUESTION: Greg left his previous role in March, just a little before you started looking for a new CEO. I just wondered when the first interview you had with them was.

GREG CLARKE: I was first approached in June by the international headhunter that was appointed. I was selected for that initial interview on the basis that they were looking for people who had a track record of successfully creating and running global businesses. I expressed interest in the opportunity.

I then spent the next three and a half months meeting various members of the Board, led by Jill, and I then chose to join Lend Lease about two weeks ago.

I had a number of opportunities to choose between, none of which were in telecoms. I decided to do something different with the next 25 years of my career, and I found Lend Lease challenging, global and interesting, because half the fun of being a chief executive is learning lots of new things, and the thought of working in a completely different market surrounded by smart people who historically have done a pretty good job appealed to me. So I pleaded my case and I was fortunate enough to have Jill take me on.

QUESTION: You referred to trying to be up in the top quartile. What do you measure as your quartile? What companies are you using for that? Are you talking Australian or global?

GREG CLARKE: I think the issue I was talking about was disaggregated benchmarking, which is everything from your internal cost structure to your external competitive to your total shareholder returns.

I think you have to aim against a reasonable comparative set. You have to choose your comparative set to be accurate, which is why you have to disaggregate the benchmarks, and I've always believed in aiming for top quartile performance. It takes time to get there. You can't always sustain being there when you get there, but you have to aim for the top, and one of the things we will be looking at is how to disaggregate the benchmarks, how to choose our comparative set and how to communicate that transparently to our stakeholders so they can hold us accountable.

QUESTION: Where do you see the problems lie in Lend Lease?

GREG CLARKE: I don't like the word "problem", and I'm not being macho, stick-your-chest-out-there-are-no-problems. I think there are issues that we have to resolve, some of them in a sense of instilling a sense of self-belief back in the organisation, because the organisation had a track record of being extremely successful. It has taken some lumps over the past few years and has to regain that sense of self-belief.

I've spoken to a lot of talented people who want to believe that Lend Lease can do it again, and I like that because what would have frightened me more if I had just joined a company that was full of institutional arrogance. I think arrogance mitigates against one of the most difficult things which you have to overcome in running a global business, because arrogance is a conviction that your way is best, and a global business thrives on agility and flexibility.

Also, some big decisions to make on how to make the global business work, because, to me, the global business model justifies itself in terms of synergies, how you get competitive advantage, where the synergies are, how you extract them and how you share them between the stakeholder groups, because to thrive in the long term and to achieve upper quartile performance you have to have winners, and those winners have to be all the stakeholders - the shareholders, the employees and the business partners out there in the world.

QUESTION: Are you on a set contract at all and do you have any three month settling-in period or anything like that?

JILL KER CONWAY: Greg's appointment is at the pleasure of the Board. He begins today serving as Managing Director. Lend Lease's by-laws require that anybody who has served five years in that position be reviewed, but Greg's appointment is simply at the pleasure of the Board.

QUESTION: You talked about the synergies of the business. If as part of the review you can't find any synergies, would you be prepared to divest all or part of those businesses that don't offer those synergies?

GREG CLARKE: I think that I'm looking for synergies because synergies offer a chance for more attractive returns to investors and a more compelling proposition to customers. Without synergies it makes the businesses more difficult to run. However, there are lots of businesses out there with divisions that don't have significant synergies but do offer excellent returns to shareholders. But my principal mandate as a chief executive is to go out and hunt for and harvest synergies in our global strategy.