



17 November 2005

The Manager
Companies Section
Australian Stock Exchange Limited (Sydney)

The Manager
Companies Section
New Zealand Exchange Limited

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Pages: Twenty (20) pages

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 Wesley Conference Centre, Sydney on Thursday 17 November 2005 commencing at 10.00 am.

Yours faithfully
LEND LEASE CORPORATION LIMITED

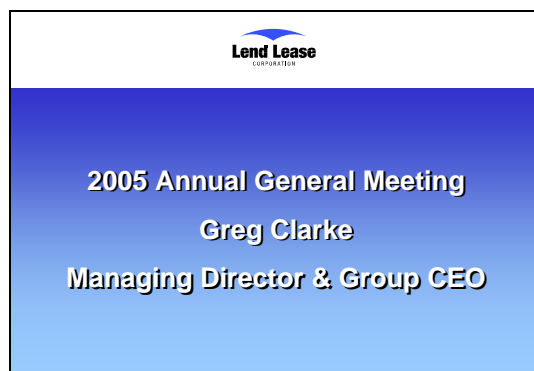
S J SHARPE
Company Secretary



2005 Annual General Meeting

Speech by Greg Clarke

Managing Director and Chief Executive Officer



Thank you David, and good morning ladies and gentlemen.

Lend Lease has successfully transitioned to its new strategy for growth and the Company is in good shape.

Today, we are a streamlined organisation with a strong management team and, as David said, the three core businesses are all well positioned.

Each of the businesses has an international footprint. We operate mainly in the US, the UK and Australia. These are geographies where we know the legal and regulatory systems well, and we have established good positions in our selected market sectors.

This diversification means Lend Lease is not over-dependent on any one sector or any one geography to underpin earnings.

Let's now turn to the results of each of the core businesses in a little more detail.



Retail & Communities

The Retail & Communities business maintained its growth, delivering a 14.5% increase over 2004, with an after tax operating profit of \$102.5 million.

Within that result, the Australian Communities division reported profit after tax of \$80 million for the year to June 2005.

This division focuses on three market sectors – Delfin Lend Lease, Australia’s leading master-planned communities brand; Lend Lease Development, the high-density specialist; and Retirement By Design, which services the growing Over-65s sector.

In the first months of this financial year, the Australian Communities division experienced mixed trading conditions. Sydney continues to be slow and generally, across each of our markets, we are seeing longer lead times from initial visitation to sales closure.

Notwithstanding the immediate outlook, the Australian Communities division is well positioned, and has grown its backlog of residential lots by 31% during the year, to 78,000 lots.

Since June, the business has added a further 1,100 lots with the \$1 billion residential community project at Wilton in south-west Sydney. Just last month, the Queensland Government released a draft plan that designates our 2,000 hectare Yarrabilba site, south of Brisbane, as a future regional centre.

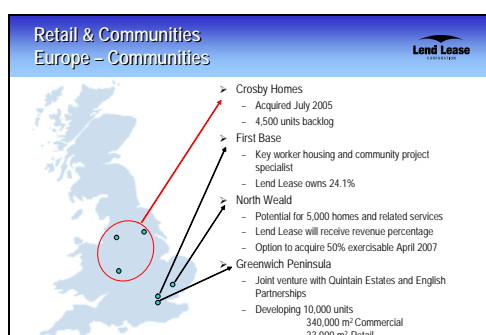
The scale and diversity of our projects gives the business significant flexibility to manage the mix and release of product to meet varying demand.

We have been successful in maintaining margins, and our forecast for profit contributions this year has not changed.



In the US, our military housing operation, Actus Lend Lease, more than quadrupled its profit this year, reporting after tax earnings of A\$22.5 million. We estimate that Actus now has 25% of the US military housing privatisation market.

During the year, the Actus business increased anticipated profits to be earned from projects in operational status – from \$74 million at June 2004 to \$375 million at June 2005.



We have been looking at the UK residential market for some time. It is a sector attractive to us because of the underlying chronic shortfall of housing to meet ongoing demand.

Because of limited land supply, much of the demand will need to be met through urban regeneration – that is, redeveloping former inner-city industrial or brown-field sites as they are called.

Stimulation of large-scale urban regeneration has been identified by UK governments at both the national and local levels as a priority issue.

In June this year, we announced the \$612 million acquisition of Crosby Homes.

As a specialist developer in the urban renewal sector, Crosby is well positioned to access this opportunity.

Over the past 18 months Lend Lease has established a substantial operational footprint in the UK by adding four prime retail property agreements to the development pipeline.

These projects give the Group access to various earnings streams from development and construction fees to leasing, asset and property management fees and in many cases, ownership returns too. It also secures future earnings opportunities from a solid redevelopment pipeline.

Lend Lease's current UK retail footprint covers around 500,000 square metres of prime retail space. This provides a very sound base from which to strengthen our position in the UK retail property market.



Investment Management

During the year, the Group's Investment Management business also performed well due, in part, to strong rental income growth from its retail assets. Operating profits increased by 8.1% to \$108 million after tax.

The \$2.4 billion APPF Retail fund in Australia was the leading unlisted retail property fund in the Mercer index, over one and three years in the 12 months to 30 June 2005. In those periods, APPF Retail returned 17.4% and 16.8% respectively.

Institutional investors in Lend Lease funds in the Asia Pacific region increased from 39 to 51, with new funds inflow accelerating to more than \$900 million during the year. This is on top of the nearly \$1 billion raised in the preceding three years.

In Europe and North America, Bluewater and King of Prussia delivered greater rental income again this year and further valuation increases.

They have been and continue to be very good assets for Lend Lease.

Globally, Lend Lease has nearly \$12 billion in real estate assets under management.

As David mentioned, in September former ABN Amro investment banker Steve McCann joined Lend Lease as global head of our Investment Management business.

Steve is working with the investment management teams in Asia Pacific and the UK on development of new funds and expansion of this business over the coming years.



Project Management, Construction and PFI

The Group's Project Management, Construction and PFI business – Bovis Lend Lease – delivered a strong increase in operating profit after tax to \$139.2 million. This was driven largely by a return to profitability in Asia Pacific operations.

The Australian team has done a very good job of getting the business here back on track after the losses incurred mainly in Canberra in the previous year. Those projects are now completed or well on the way to completion.

The business has recently been successful in securing several large projects. These include the \$250 million redevelopment of Brisbane Airport and the \$200 million redevelopment of the Department of Defence's propellant manufacturing facility at Mulwala in southern NSW.

In the US, the business is travelling well, although the stronger Australian dollar is impacting earnings as reported in Australian dollars.

The Bovis Lend Lease order book in the US is at record levels, as is the gross backlog profit margin. New work secured in the US during the 2005 financial year increased by some 23% – including the extension of the BP Alliance program. Sales since June have continued to be very good.

Ignoring the impact of the stronger Australian dollar, the US construction operations are growing earnings at 15 to 20% year on year, since the cyclical low point post the events of September 11, 2001.

The UK and Europe is the biggest regional operation for Bovis Lend Lease comprising about 55% of construction and project management earnings for the Group in 2005.

Since 2001 earnings from the European operations have grown at a compound rate of around 15% per annum. Clearly, this rate of growth in the UK is unsustainable over the longer term.

While the business continues to be a market leader in terms of construction volumes and high-profile projects, we are not expecting to see much growth in earnings from the UK over the next couple of years.

Our short-term growth expectation for UK construction earnings was largely predicated on winning and converting further UK PFI hospital projects, which have not eventuated.

As I said in August, we are reviewing our PFI operation and bidding strategy and are making changes to regain the strong win rate we have enjoyed in previous years. However, the rewards from such changes are not likely to benefit the Bovis Lend Lease UK earnings contributions in 2006 or 2007.

As a result of these factors, Australian dollar reported earnings for Bovis Lend Lease globally will be flat this year. Ignoring the effect of currency fluctuations, Bovis would have underlying growth of around 5%.

Bovis Lend Lease has a strong brand in the UK, and under Bob Johnston's leadership I am confident the business will continue to win its fair share of PFI work, both in the health sector and other emerging sectors such as waste management and student accommodation.



I would now like to talk about an issue that is central to who we are and what we do, and that is safety.

As a corporation with its history in the construction industry, we are especially conscious of the need to focus on having a safe work environment.

This has deep cultural roots going back to the Group's formation.

However, despite our well-known commitment to achieving and maintaining an incident and injury free workplace, I am deeply sorry to report that over the past 12 months, seven people were killed across the hundreds of Lend Lease projects around the world.

No geography has been immune. Deaths occurred in the USA, Asia, Australia and Europe operations.

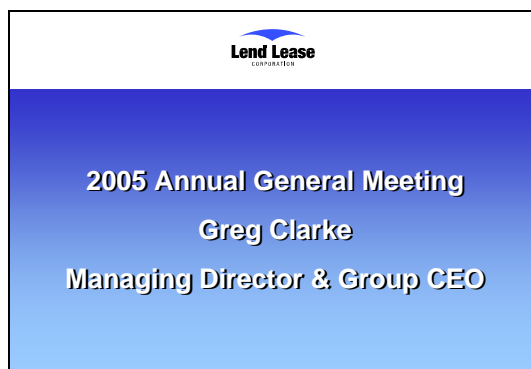
The Board and management continue to be fully committed to the Company ultimately achieving its Incident & Injury Free goals.

We do not seek solace in statistics that might show we have a better record than most.

Every one of us, from site employee to the CEO and Chairman, has to take an even harder look at how we conduct ourselves in relation to our safety objectives.

Our Incident & Injury Free program is now in its third year. It is about developing attitudes towards each other's and our own personal safety – at home as well as at work.

We are working hard, but we remain a long way from our goal of being Incident & Injury Free.



I would like to add to the Chairman's recognition of the terrific efforts of all Lend Lease employees in delivering the 2005 result for shareholders, and implementing our strategy for growth.

Together, we have refocused Lend Lease on a vision and business strategy that is delivering enhanced predictability and sustainability of earnings growth.

Outlook

As a result, excluding major changes in economic and market conditions, our expectations for continuing growth in underlying operating profit have not changed.

That is – if we were to continue reporting under the old AGAAP rules, which have been replaced this financial year, we would expect double-digit operating earnings growth over our three-year plan to financial year 2008.

The compulsory introduction of new international financial reporting standards, known as AIFRS, could well see some volatility in forecasting and reported profits in the future.

This is because under the new standards, elements of the balance sheet will be marked to market from financial year 2006 onwards. Some ups and downs in asset values will be directly reflected in the Profit & Loss statement for the first time.

Among a host of changes, there are two key things to look for in our future results as reported under the new rules.

The first is that we will no longer amortise goodwill. That means reported profit for 2006 will be increased by around \$40 million compared to what we would have reported previously.

The second key change means we will have to defer recognition of some profits on development projects until later years.

According to our latest analysis of this change, we expect that this means we will report around \$5 million to \$10 million after tax of lower development profit in 2006 than we would have under the old standards.

It is important to note that those profits will still be earned and the cash flow will still occur as planned. It is just that the profit recognition comes later under the new system.

In summary, our operations are in good shape and while the accounting rules are different to last year, we have not changed our guidance for double-digit growth in after tax operating earnings, which was given at the results announcement in August.

We achieved 13.5% growth in operating earnings to June 2005 at \$281 million after tax and we have budgeted for growth in after tax operating earnings approaching that rate again for the year to June 2006.

With those comments, I conclude my operations report for 2005, and hand you back to the Chairman for the formal business.

Thank you very much.