



Full Year Results

June 2004

- Welcome to our full year results briefing.
- Our 2004 financial results were on target.
- In particular, the operating result achieved in our core businesses demonstrates the strength and potential of those businesses to deliver attractive returns for investors.
- Importantly, the result demonstrates our capacity to deliver earnings growth to the proposed Lend Lease/GPT merged business so that it achieves the targeted 7% growth in distributions.

June 2004 Full Year Result Profit After Tax



	2004 A\$M	2003 A\$M
Core Businesses ⁽¹⁾	225.9	203.1
Discontinuing REI businesses	7.9	37.4
IBM GSA Operating Profit	1.4	12.1
Non Core Capital Services	20.7	10.1
Restructuring / Merger Costs	(18.5)	(32.5)
Total Operating Profit	237.4	230.2
REI exit / write-downs	(2.3)	(945.0)
Sale of IBM GSA	79.7	
Tax benefit of capital losses ⁽²⁾	18.7	
Reported Profit / (Loss)	333.5	(714.8)

⁽¹⁾ Includes one-off loss on Australian construction projects and profit on sale of Fox Studios

⁽²⁾ Arising from Australian tax consolidation regime

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- Our operating profit of A\$237 million after tax is in line with the guidance we provided throughout the year.
- This slide underscores the very strong performance of our core businesses, which grew by 11% from \$203 million in 2003 to \$226 million this year.
- This result was achieved at a time when the Bovis Lend Lease business in Australia incurred a significant, but unlikely to be repeated, loss on several projects.
- Other items of note within the operating profit include \$18.5 million after tax of costs. These were related to the closure of the London corporate office and GPT merger proposal costs.
- They were, in effect, offset within the result by a \$20.7 million dollar after tax recoupment of value from the former Capital Services businesses' investments in THI, Chelverton and the Asian Water Trust.
- Below the operating profit line there is a minor loss on the final exit of some of the REI businesses and the A\$80 million after tax profit on the sale of IBM GSA.
- The final A\$80 million proceeds on the sale of IBM GSA will be received next month.
- The implementation of the Australian tax consolidation regime last year created a tax benefit from capital losses of \$66 million, of which \$18.7 million was included in the \$333 million reported profit.
- This slide demonstrates that our core businesses are very robust, and capable of delivering strong rates of earnings growth.
- It gives us enormous confidence as we head towards the merger with GPT that the combined business will exhibit a very attractive earnings mix and growth profile.

June 2004 Full Year Result Earnings Per Share



	2004	2003	Growth
Earnings per share (cents per share)			
➤ Core Businesses ⁽¹⁾			
– Pre amortisation	65.8	57.2	+15%
– Post amortisation	54.6	46.3	+18%
➤ Total operating profit after tax ⁽²⁾	57.4	52.5	+9%

⁽¹⁾ Based on Core Businesses PAT A\$225.9M (A\$272.1M pre-amortisation) for FY2004

⁽²⁾ Based on PAT A\$237.4M for FY2004

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- The earnings per share outcome reinforces that strength.
- Our core businesses delivered 15% earnings per share growth pre-amortisation and 18% post amortisation.
- This eps growth also shows the value to shareholders of the on-market buyback program that we conducted over the course of last year.

June 2004 Full Year Result Dividends Per Share



	2004	2003
Dividends per share (cents per share)		
Interim	18	10
Final	26	20
Total	44	30
Payout Ratio	75%	56%

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- We are also pleased to announce an increase in dividends per share on the back of both higher earnings per share and a higher overall payout ratio.
- Given our intention to move to a 100% payout ratio in the merged group, the final 2004 dividend of 26 cents unfranked reflects the higher end of our current dividend policy.
- As we indicated recently, we intend to pay a fully franked special dividend to shareholders totalling \$95 million if the merger with GPT proceeds.
- Let's now turn to the results for the core businesses.

June 2004 Full Year Result Core Businesses – Profit After Tax



	2004 A\$M	2003 A\$M
Bovis Lend Lease	105.1	157.5
Integrated Development Businesses	78.8	41.8
Real Estate Investments Operations	33.6	36.1
Investment Income	66.7	59.7
Group Services	(28.4)	(55.3)
Group Treasury	16.3	10.7
Amortisation	(46.2)	(47.4)
Total Core Businesses Operating Profit	225.9	203.1

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- This slide breaks down the core business contributions to operating profit.
- You can see the impact on Bovis Lend Lease's earnings from the one-off losses incurred in Australia.
- But what is also clear is that even when Bovis Lend Lease was down 33%, the core businesses turned in overall growth of 11%.
- As well, you can see a large component of the cost savings coming through in the much lower number for Group Services.
- As you know, we have also forecast an additional \$60 million after tax in synergies and cost savings as part of our merger proposal.

Bovis Lend Lease Profit After Tax

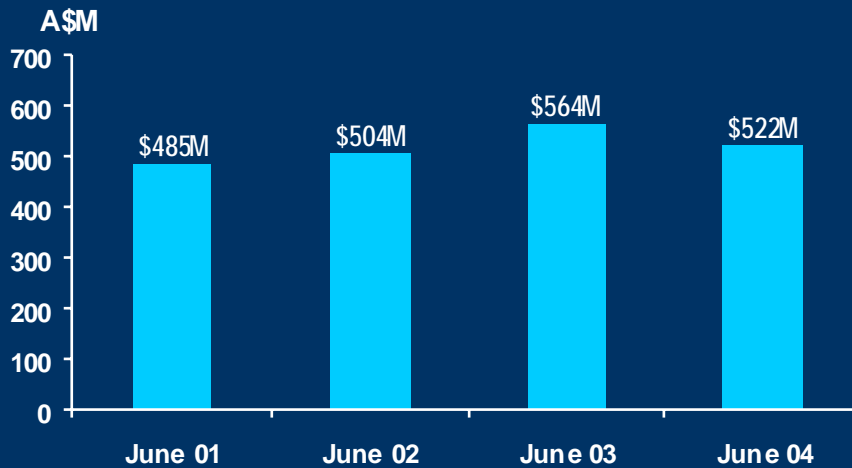


	2004 A\$M	2003 A\$M
Asia Pacific	28.1	26.6
US	61.8	61.6
Europe	70.6	69.3
	160.5	157.5
Australian project losses	(55.4)	-
	105.1	157.5

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- Turning now to look at each of the core businesses, let's start with Bovis Lend Lease.
- We've presented here the reported after tax profit for Bovis Lend Lease at \$105 million, and shown the \$160 million result that would have been achieved if the losses on Australian projects had not occurred.
- Apart from the losses here, the US and UK businesses were able to maintain profitability despite the continued contraction in the US markets during '04, and delays on the closure of two large PFI projects in the UK
- which we had slated for the '04 year.
- A large number of investors and analysts participated in the recent program of operational reviews and tours both here, and in the UK and the US.
- We demonstrated the robust nature of the Bovis Lend Lease business, the strategic market focus and the outlook for a return to good earnings growth over the next 2-3 years.
- I'd like to make a few comments on that outlook and why we are confident that Bovis Lend Lease will return to the level of earnings that Lend Lease had established since the acquisition of Bovis.

Bovis Lend Lease Backlog GPM



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- Forward workload, or total revenue statistics, are of little use in assessing the future profitability of a construction and project management business because different types of work earn different margins.
- The key measure for Bovis Lend Lease outlook is the Backlog Gross Profit Margin, the expected profit component on contracted forward workload.
- While it was down 7% at June 2004, it is still a very strong \$522 million.
- If we include the gross profit on the UK PFI projects we had expected to close during 2004 because we are already the preferred bidder, the Backlog Gross Profit Margin would have been \$632 million at June.
- So, on this key measure, Bovis Lend Lease remains in excellent shape, and this is at a time when Bovis has faced sluggish construction markets in the US and the UK.

Bovis Lend Lease Key Profit Drivers



	2004	2003
New Work Secured (A\$M)		
– Asia Pacific	109.0 ⁽¹⁾	130.6
– US	195.7	206.7
– Europe	228.6	253.0 ⁽²⁾
Total	533.3	590.3

⁽¹⁾ Excludes impact of Australian project losses

⁽²⁾ Adjusted for subsequent reduction in scope of major PPP project (\$21M – deferred from stage 1 to stage 2)

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- Sitting behind the Backlog GPM are two key indicators which augur well for Bovis Lend Lease.
- The first is the continuing success in each of the regions in securing new work during the year. This measures the success of the business in securing new profit margins through new and existing contracts to replace the profit realised during the year.
- As you can see, New Work Secured was down around 10% from what were record levels in 2003, which included the UK SLAM defence project.
- Australia was affected by the management focus on addressing the losses.
- In the US, New Work Secured held up quite well given the generally sluggish market conditions in some sectors.
- The European business had a strong year in 2004, picking up several large projects.
- The 2003 year included a significant component for the UK SLAM defence project, which explains the lower number reported overall for 2004.
- There is a more optimistic market outlook which we anticipate will give future New Work Secured a boost.

- Our UK and US businesses are experiencing significantly higher activity levels than this time last year.
- We anticipate that this will translate into increased sales this year.
- It is too early to see a lot of this activity in the Backlog.
- We take a conservative position on Backlog, only recognising it when a contract is signed and the commencement of the project has certainty.
- For example, the Backlog at 30 June did not include any construction GPM for Trump Tower in Chicago, Battersea Power Station in London, or workload on some of the Australian development pipeline such as the Surfers Paradise project with Daikyo.
- And we do not recognise Backlog on the preferred bidder UK PFI projects until we reach financial close.
- So the Backlog is a robust measure for the business.

Bovis Lend Lease Profitability Ratio



	2004	2003
Profitability Ratio ⁽¹⁾		
– Asia Pacific	37% ⁽²⁾	36%
– US	46%	46%
– Europe	46%	40%
Total	44% ⁽²⁾	42%

⁽¹⁾ Ratio of profit before tax to Realised GPM

⁽²⁾ Excludes impact of Australian project losses (total profitability ratio was 35% including project losses)

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- The second indicator I want to draw to your attention is the ongoing trend in improving profitability of the Bovis Lend Lease business.
- This, of course, reflects the focus on costs over the past 12 to 18 months.
- The profitability ratio, excluding the one-off loss situation in Australia, was a very strong 44% for '04 year compared to 42% in 2003.

Bovis Lend Lease – Asia Pacific Profit After Tax



	2004 A\$M	2003 A\$M
Asia / Pacific business	28.1	26.6
Residential project losses	(41.8)	-
Commercial project loss	(13.6)	-
Total Asia Pacific	(27.3)	26.6

- One-off loss situation now behind us
- New management team in place
- All projects thoroughly reviewed
- Risk management disciplines reaffirmed

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- Let's now turn to each of the regions.
- We have extensively addressed the reasons and causes of what can only be described as the unprecedented losses incurred by Bovis Lend Lease in Australia this year.
- The final wash-up of that situation this year was an after-tax loss of A\$55 million – including \$41.8 million on the residential projects in Canberra and Brisbane.
- The primary driver of the increase in losses since the half year is the Herald & Weekly Times project in Melbourne.
- This project was contracted around the same time as the residential projects in Canberra and Brisbane and has also sustained losses as a result of significant escalation in trade prices.
- As you know, there have been a number of management changes.
- With the new management team in place, we have finalised our review of all Bovis Lend Lease projects.
- The Canberra projects are virtually fully procured and will be completed by the end of this calendar year.

- The Herald & Weekly Times and Aurora projects are now more than 85% procured and we are confident of the outcome for these projects.
- While we have stopped the losses, there is a short term drag on profit growth as we have overhead devoted to delivering on our obligations on these projects, but on which we will not earn any profit.
- We are confident that the risk management disciplines are again being firmly applied by the new management under Bob Johnston. Many investors and analysts met Bob on the recent Australian project tours.
- We can now put the 2004 loss position behind us and again look to positive contributions from Bovis Lend Lease in this region for the future based on our strong pipeline.
- In Australia, the general market conditions remain buoyant, and we expect to rebuild the profitability of the Australian business over the next two years.

Bovis Lend Lease – Asia Pacific Growth Potential



In Australia we see growth potential from current sectors

- Commercial office and retail
- Multi-sites
- Internal residential
- Government

In Asia

- Focus on Japan, China and Singapore

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- The core sectors for Bovis Lend Lease in Australia all show a robust medium term outlook.
- Given the Group's \$5 billion Australian development pipeline, the internal residential work has the potential to produce revenues for Bovis Lend Lease of approximately A\$50 million to \$300 million per annum.
- Our multi-sites programs continue to grow with key clients like CBA, ANZ, The National and Telstra.
- Bovis Lend Lease is also re-entering the Government construction market in Australia.
- This is a traditional market for Lend Lease, but one which we have not focused on over the the past few years.
- Bovis Lend Lease is currently pursuing several large contracts with both State and Federal Governments, particularly in the areas of defence and social infrastructure in areas such as the arts, education and health.
- In Asia, Bovis Lend Lease's presence in the telco market has been very successful, and we will look to continue to leverage this along with pursuing an integrated approach to retail in Singapore.
- We also have a credible presence in China, which also provides growth opportunities longer term.

Bovis Lend Lease – Americas Market Position



➤ Healthcare	No. 1
➤ Multi-Unit Residential	No. 1
➤ Military Housing (Actus Lend Lease)	No. 1
➤ Government Offices	No. 4
➤ Hotels / Motels	No. 5
➤ Pharmaceutical Plants / R&D Labs	No. 5
➤ Senior Living (estimated, not ENR)	No. 5
➤ Commercial / Office	No. 6

Source: 2003 ENR (McGraw Hill)

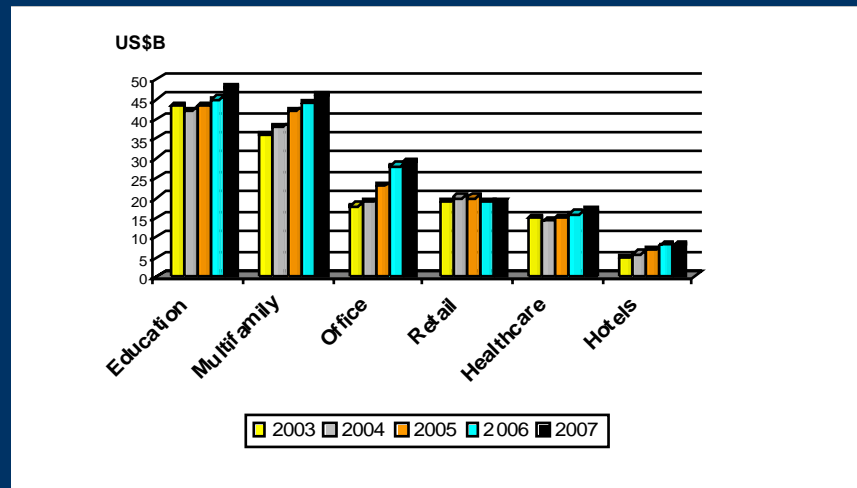
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- In the US, Bovis Lend Lease is very strongly positioned in its target markets.
- As you can see from this slide, Bovis Lend Lease holds a leading position in each of its core markets.
- It is that positioning which has enabled Bovis Lend Lease to maintain its Realised Gross Profit Margin at US\$124 million.
- We are expecting that position to continue into 2005, and believe that we are well placed for this to pick up significantly from 2006.
- The 2006 growth will be driven in part by stronger construction market conditions, as well as entry into new markets which I will touch on shortly.
- It is worth noting also that Backlog Gross Profit Margin for the US only declined this year as much of the final profits from the 5 year BP Alliance contract were earned.
- Negotiations on the contract renewal with BP have proceeded well, and are on track to be signed by December this year. We expect it to be at similar levels of profitability.
- Backlog GPM for Bovis Lend Lease in the US would then see a significant increase, as would Europe for that matter.

Bovis Lend Lease – Americas Sector Growth Trends



Base business will grow with the market



Source: IndustryData: FW Dodge

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- In each of the major market segments for Bovis Lend Lease in the US, there is a positive growth trend expectation over the next three years.
- Given our market position and approximately 80% of the business in the US being repeat business with established clients, we believe that Bovis Lend Lease is well placed to grow its US earnings in line with our core market, albeit with significant growth not occurring until 2006.
- There are significant growth opportunities in Healthcare, Federal Markets, Community Development and, in particular, in Sports facilities in the New York metropolitan area.

Bovis Lend Lease – Americas New York Area Sports Opportunities

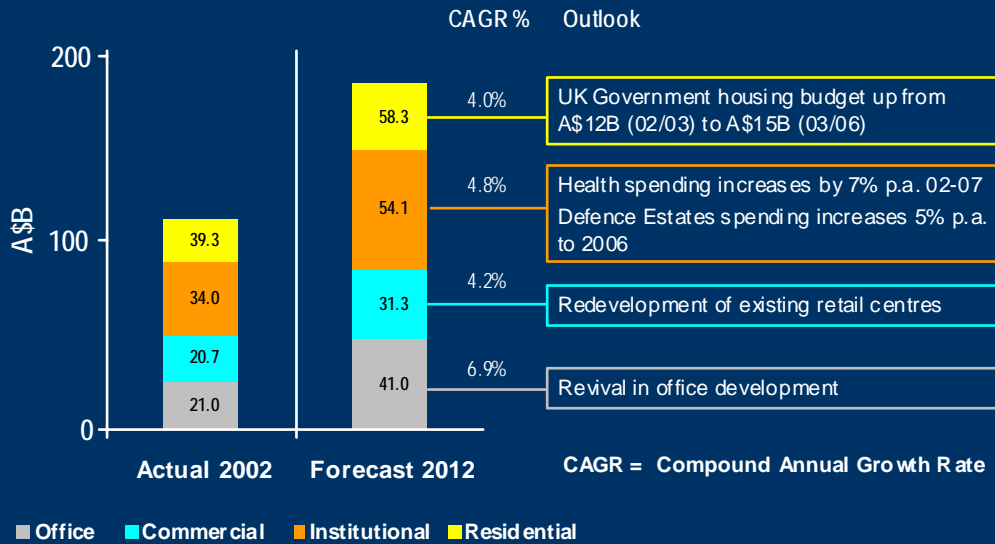


Venue	Spend US\$B	Status
Brooklyn Nets Arena / Atlantic Yards	2.5	
Destiny USA	2.2	
MSG Mixed-Use Development	2.0	
Jacob Javits Center Expansion	1.2	
New York Jets Stadium	1.2	Bovis Lend Lease/Hunt 1 of 2 - Award date 2/05
New Madison Square Garden	0.5	
Newark Arena	0.3	Bovis Lend Lease/Hunt 1 of 3 - Award date 11/04
Giants Stadium	0.3	Bovis Lend Lease/Hunt 1 of 3 - Award date 1/05
New Nassau Coliseum	0.3	
Net York International Speedway	0.4	
New Shea Stadium	0.8	Bovis Lend Lease/Hunt 1 of 2 - Award date 1/05
New Yankee Stadium	0.8	
2012 Olympic Games	12.0	
Grand Total	24.5	

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- To give you some flavour for the opportunities for growth in the US, this slide shows the scale of sports stadia construction slated for the New York metropolitan area over the next 6-8 years.
- As you can see, even taking out the US\$12 billion for 2012 Olympic facilities as that is not yet certain, there is still US\$12 billion in stadium and facilities construction slated for New York.
- Bovis Lend Lease is in a leading position in the New York construction market and already – together with its strategic alliance partner – the leading sports facilities developer, Hunt Corporation, Bovis Lend Lease is either one of two, or one of three, shortlisted for four sports stadia projects totalling US\$2.6 billion.
- All of those will be awarded this financial year.
- We expect to win at least our fair share.
- We are investing this year in extra skills and resources to secure these and other opportunities.
- As a result, there will be a slight decline in Bovis US profit after tax in 2005.
- Should the Australian dollar remain strong through the year, its potential impact on US earnings will be mitigated through our US borrowings and our hedging policy.
- In any event, we expect significant profit improvement from 2006.

Bovis Lend Lease – Europe UK Construction: Market Growth Forecast 2002–2012



Source: Global Insight

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- In the UK, Bovis Lend Lease also maintained profit contribution in 2004 compared to 2003 despite a 5% decline in realised GPM.
- The decline in GPM was due to the timing of the finalisation of certain large commercial projects and the delays to the PFI projects which I have already mentioned.
- This was more than offset by a reduction in overheads.
- As you can see from the slide, there is a very strong outlook for growth in Bovis Lend Lease's core UK markets of commercial office, retail, health PFIs and defence estates.
- Similar to the US business, Bovis Lend Lease in the UK is ideally positioned to extract good growth through its leading positions in these core markets.

Bovis Lend Lease – Europe Major Health PFI Projects



Manchester Hospital

Client:
Department of Health / Manchester Hospital Trust
Contract:
PFI Design and Build
Value:
£370M



Leeds Hospital

Client:
Department of Health / Leeds General Hospital Trust
Contract:
PFI Design and Build
Value:
£173M

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- An important component of the expected growth relates to the UK Health PFI projects.
- We expect to close the £370 million Manchester PFI contract by the end of this calendar year.
- In fact, we have already commenced preliminary site works under agreement with the local health authority.
- Leeds Hospital, another PFI project on which we are preferred bidder, is also expected to close by the end of the calendar year, although the timing will be subject to government financing being in place.
- The European business is very well positioned for strong profit growth in 2005.
- So, to conclude on Bovis Lend Lease, operationally - and in terms of the health of its target markets in each region - the company is in very good shape.
- We will see a respectable level of profit growth in 2005, albeit from a low base.
- And we expect Bovis to return to normal levels of profit during 2006.
- We will continue to focus on profitability and, even with the intentional overhead increase in the US, we expect to maintain the 44% profitability ratio achieved in 2004.
- I will now turn to Development.

Integrated Development Businesses Profit After Tax



	2004 A\$M	2003 A\$M
Asia Pacific		
– Delfin Lend Lease	66.2	41.7 ⁽¹⁾
– Lend Lease Development	20.2	14.8
	<u>86.4</u>	<u>56.5</u>
Americas		
– Actus Lend Lease	5.3	4.8
– Other	(0.5)	(0.6)
	<u>4.8</u>	<u>4.2</u>
Europe	(12.4)	(18.9)
Total Integrated Development Businesses	<u>78.8</u>	<u>41.8</u>

⁽¹⁾ Includes sale of North Lakes \$11.2M

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- Our Integrated Development Businesses turned in an excellent result for 2004.
- Overall IDB profit after tax grew 89% to \$78.8 million.
- Our businesses in Asia Pacific, both of which are based in Australia, delivered an operating profit after tax of \$86.4 million, a 53% increase.
- In the US, Actus Lend Lease continued to grow from a small profit base in 2003.
- In Europe, lower net bid costs on PFI projects led to an improvement overall this year.
- With the expected closure of delayed PFI contracts such as Manchester and Leeds hospitals during 2005, we expect further improvement in the region's results next year.
- The commencement of development on the £5 billion Greenwich Peninsula project, coupled with completion of the Chapelfield, Norwich project, should see the European region move into operating profit in 2006.

Integrated Development Businesses Asia Pacific – Delfin Lend Lease



- Operating profit after tax up 117% to A\$66M
- No. of lots settled 4,482 in 2004 FY – up 19%
- Gross sales value of lots settled up 41% to A\$518M
 - Average price per lot up 19%
- Sales Backlog 51,000 lots at June 2004 – up 48% from June 2003
- Maintained position as leading urban community developer in Australia
- Underlying FY05 PAT growth around 15%



Edgewater, Melbourne

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- Delfin Lend Lease continued its excellent profit growth trend, with operating profit after tax more than doubling this year.
- The company has a strong consumer market reputation for excellence and a strategic focus on family homeowners in high growth corridors in Queensland, New South Wales and Victoria.
- The success of this positioning and strategy is evident in the strength of increases achieved in all key performance indicators.
- Lots settled increased 19% and the average price per lot was also up 19%, resulting in an increase in gross sales of 41%.
- Those who attended the recent project tours in Sydney and Melbourne were able to see first hand just how good this business is.
- It is clearly the leading urban community developer in Australia.
- We expect it to maintain a strong outlook.
- At 30 June 2004, the sales backlog was 51,000 lots, a pipeline of over 10 years, up 48% from the same time last year.
- The business is commencing the 2005 financial year in a solid position with over a third of expected sales already contracted at 30 June.

Integrated Development Businesses Asia Pacific – Delfin Lend Lease



	2004	2003
	A\$M	A\$M
Gross Profit Margin		
– Queensland	67.4	34.0
– Victoria	34.2	18.1
– New South Wales	4.4	(1.1)
– South Australia / Northern Territory	6.0	2.3
– Retirement By Design	5.6	2.9
– Rezoning Expenses	(6.3)	(0.7)
Total Gross Profit Margin	111.3	55.5
Net Overheads	(15.6)	(11.3)
Profit Before Tax	95.7	44.2
Profit After Tax	66.2	30.5

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- This slide gives you a good feel for the major profit contributors by region, all of which had strong growth last year.
- There are several points to note.
- The Queensland region had many solid contributors to GPM, including Varsity Lakes with \$26 million; Twin Waters and North Shore with \$20 million; and Springfield Lakes with \$10 million.
- Varsity Lakes and Springfield Lakes are well positioned to continue similar performances in 2005.
- In addition, Forest Lake - which will complete during 2005 - will deliver a significant final profit.
- A major contributor for the Victorian region was the Caroline Springs project, which had 50% GPM growth in 2004.
- The New South Wales region produced a profit with the commencement of sales at the Nelson's Ridge project.
- It is a prime Sydney site which has continued to have high levels of enquiries, and is expected to significantly ramp up during 2005.
- Next year Twin Waters / North Shore will transfer to the Development business because of their focus on medium density / built-form product.
- On a like for like basis, we expect Delfin Lend Lease to grow profitability in 2005 by around 15%.
- This will include profits from the ComLand acquisition, which will flow in 2005 on the Edgewater project in Victoria.
- We expect profit on the St Marys project to commence in 2006.
- So, as you can see, the Delfin Lend Lease business is in excellent shape, with a strong outlook and unrivalled Backlog.

Integrated Development Businesses Asia Pacific – Lend Lease Development



	2004 A\$M	2003 A\$M
Gross Profit Margin		
– Residential projects	15.9	13.2
– Fox Studios	19.3	1.0
– Asian project workouts	1.0	4.4
– Other	4.9	7.4
Total Gross Profit Margin	41.1	26.0
Net Overheads	(12.1)	(7.2)
Profit Before Tax	29.0	18.8
Profit After Tax	20.2	14.8

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- The Australian Development business - which focuses on major, built-form projects - also had a very good year with a \$20 million profit after tax contribution.
- Total gross profit margin increased 58% to \$41 million on the back of continued contributions from Jacksons Landing and Newington in Sydney and the sale of our interest in Fox Studios, also in Sydney.
- While Fox at \$13 million dollars after tax was a one-off contribution, such sales have been part of the nature of the Development business.
- As you know, Darling Park 3 is underway and is expected to contribute development profit in 2005 and 2006.
- Over the last two years, we have put in place a growing pipeline of Delfin style annuity projects for the next 10 to 15 years which are transforming the Development company's earnings making them more predictable and transparent.
- The Development business will have 7 residential projects contributing profit in 2005, compared to 3 in 2004. These include Hyatt Coolum in South East Queensland and the Rouse Hill Regional Centre project in Sydney's north west.
- As indicated, the Twin Waters / North Shore projects in South East Queensland are being transferred to the Development company.
- With the commencement of the Dock 5 project recently, we expect to begin generating profits on Victoria Harbour in 2006.

Integrated Development Businesses Asia Pacific – Lend Lease Development



- Achieved scale to produce long term, repetitive earnings
- Projects well located in growth corridors
- Capital efficient business model



Surfers Paradise Joint Venture
South East Queensland



Hyatt Coolum, South East Queensland

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- The latest project to join the pipeline is the prime Daikyo sites in the heart of Surfers Paradise on which we have an exclusive development agreement with Daikyo.
- The Surfers Paradise project incorporates three major sites at the northern end of Surfers. While we are only in preliminary masterplanning stage, the overall project has the capacity to produce approximately 2,000 residential apartments, in 12 towers, and leisure, retail and entertainment facilities.
- We expect to complete planning by July 2005 and commence the first development during 2006. The project has an end development value of \$1.2 billion, and will be staged - based on demand - over the next 13 years.
- It characterises the long term, repetitive earnings profile that we set out to build for the development company.
- This is vastly different from the traditionally lumpy, one-off project risks that Lend Lease development undertook in previous years, and both dovetails with and complements the Delfin Lend Lease business in terms of skill base and reliable, predictable earnings profile.

Integrated Development Businesses Americas – Actus Lend Lease



	2004	2003
	A\$M	A\$M
Gross Profit Margin		
– Construction	25.4	31.2
– Development	18.8	8.3
– Asset Management	5.1	3.0
Total Gross Profit Margin	49.3	42.5
Bid Costs	(25.5) ⁽¹⁾	(14.2)
Overheads	(11.5)	(17.9)
Profit Before Tax	12.3	10.4
Profit After Tax and Minorities	5.3	4.8

⁽¹⁾ Includes write-off of Hickam AFB bid costs \$12.9M

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- The Integrated Development Business in the US is primarily the Actus Lend Lease military housing business.
- We have a strong, number one market share of the major military base housing projects that have been tendered over the last four years.
- Three major contracts are now underway - between two and three years into what are 50 year contracts which deliver masterplanning, development and construction, and then asset management earnings streams for Lend Lease.
- This slide shows the comparative contributions of these earnings.
- Whilst we have made a reduction in operating overheads, the expensing of bid costs this year offset those savings.
- It should be noted that the write-off of Hickam Air Force Base bid costs was taken following a successful court appeal against Actus Lend Lease's selection as preferred bidder on that project.
- The appeal - lodged by a competing bidder, while successful, is expected to be withdrawn following commercial negotiations between the parties.
- As a result, Lend Lease now expects to conclude negotiations with the US Air Force to close that contract and commence work on the base during the 2005 financial year.
- Should that occur, Actus will recoup approximately US\$5 million in net bid costs.
- We also expect to reach financial close on both the US Army projects in Hawaii and Fort Drum during the 2005 financial year.
- This will deliver development fees during the current year with construction profits to flow thereafter.

Integrated Development Businesses Americas – Actus Lend Lease



- 4 projects in pipeline
- Further opportunities beyond current program
 - Continuation of program beyond 2007
 - Military Barracks privatisation
 - Military Base Realignment and Closure (BRAC)
- BRAC program creates opportunity to establish Delfin Lend Lease style business in US



Comanche II Village, Fort Hood, Texas

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- Beyond the current projects, there are 4 projects currently in the pipeline that are obtainable over the next 12 months.
- We expect to maintain our strong market share in that regard.
- The current privatisation program is slated to be completed around 2007.
- There is a strong chance that the program will be extended beyond that. This would involve approximately US\$2 billion in additional development spend in the market.
- In addition, the US military is exploring the privatisation of the barracks. This will be a market of US\$15-20 billion in capital spend commencing in 2005 / 2006.
- Perhaps the largest and most exciting opportunity in the US is the Base Realignment and Closure, or BRAC.
- This offers a significant opportunity to extend Actus Lend Lease's business profile.
- There is an intention for some military bases in the US to be closed.
- Many of these adjoin population centres.
- This creates an opportunity to establish an urban communities, or Delfin Lend Lease style business, based on our successful land management model.
- With our strong relationships with the US military, coupled with our urban communities skills, we intend to establish an urban communities development business in the US over the next couple of years.

Integrated Development Businesses Europe – Profit After Tax



	2004 A\$M	2003 A\$M
Private, Public Partnership Projects		
– Healthcare PFIs	(8.9)	(12.7)
– Defence	(1.6)	(13.4)
Retail Development		
– Operations	0.8	-
– Sale of Tres Aguas		12.7
– Sale of Touchwood, Solihull		5.5
– Shell Centre Provision		(10.5)
Urban Communities		
– Operations	(2.7)	(0.5)
	<u>(12.4)</u>	<u>(18.9)</u>

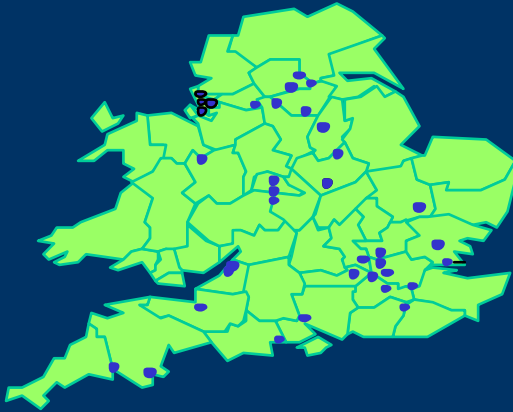
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- Turning now to Europe, our focus here is on UK PFIs, retail development and urban communities development.
- The improved result in 2004 reflects lower net bid costs.
- For example, in 2003 we incurred \$14 million after tax in bid costs for the Allenby / Connaught defence PFI project.
- As we said at the time, it was a high value, one-off opportunity that was worth pursuing; however, we were unsuccessful in the end.
- Let's now look at each area of focus in turn.

Integrated Development Businesses Europe – Healthcare PFIs



Potential UK Health Sector Projects 2004–2008



- PFI is a key UK Government long term funding strategy
 - Committed to 10 years of investment in Health and Education
 - Total Health market size >£2B p.a.
- Lend Lease has established a leading market share in UK
 - Expanding into Europe (Italy and Spain)
 - Building sustainable long term returns from PFIs
- Net bid costs lower in FY2004
 - Financial close reached on 3 projects
 - Currently bidding for Leicester and Northern Batch projects

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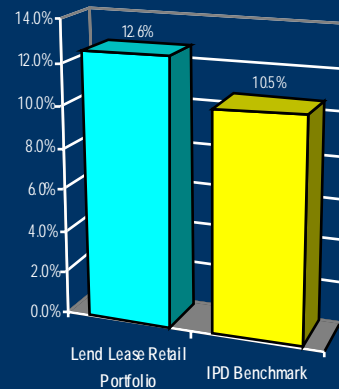
- There remains ample opportunity in the UK health PFI market with a 10 year commitment from the Government to upgrade hospitals throughout the UK.
- You can see on the slide the location of the many potential health sector projects - in the order of 40 that should become available over the next 5 years.
- This could generate around five to six major projects a year of a size and scope that would be of interest to us.
- The reduction in net bid costs this year has resulted from our deliberate approach of targeting opportunities and bid costs in any one year to match the expected timing of preferred bidder awards.
- In the short term, we are bidding on the Leicester and Northern Batch hospital projects where we are shortlisted.
- Given our strong competitive position in the health market, the continuing flow of opportunities, our better than one in two win rate, and the long term nature of earnings to be generated, we will continue to invest in this market - both in the UK and Europe.
- The investors and analysts who attended the UK briefing last month will have gained an appreciation of the earnings stream from the PFI projects, which will grow over time as we continue to build on the number of projects in the portfolio.

Integrated Development Businesses Europe – Retail Development



- Lend Lease is in a strong and leading position in UK Retail
 - 10 year track record of adding value in both asset development and management
 - Created Bluewater: UK's No. 1 ranked centre
 - Equal 4th (AUM) and growing
 - Recognised for innovation and high standards (50 awards in 8 years)
- UK Retail market is large, but fragmented and immature
 - Opportunity for Lend Lease with the considerable development potential
 - Asset ownership key to maximising return
 - Pipeline of new projects (existing and new assets)
 - Secured Warrington
 - Strong relationships with key owners and institutions
- Lend Lease is and intends to remain the UK benchmark for retail asset development and management

Total returns (3 year average) 2001-2003



Source: Lend Lease / Investment Property Databank

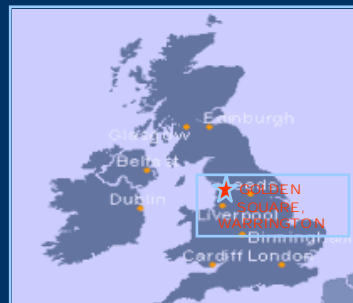
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- Turning to the Retail business,
- As we have shown in the market briefings and operational reviews over recent weeks, Lend Lease is very well positioned in the UK retail market.
- UK retail is a significant growth market for us, especially if we can gain the added scale and cost of capital advantage that the merger with GPT would bring.
- In a highly fragmented and significantly undercapitalised market Lend Lease has:
 - Outperformed as a manager of retail assets
 - We've established a reputation as a proven retail developer on the back of not just Bluewater, but five other major centres in the UK and Europe over the past five years
 - And as a proven wholesale retail property funds manager with over \$5 billion in funds under management.
- The development of the Chapelfield, Norwich project is the latest example of where we are applying our skills.
- It is progressing well, with leasing ahead of schedule at over 70% by area and on track for scheduled opening in September 2005.
- During the year, we secured our latest retail development at Warrington in North West England, which typifies the growth opportunities for Lend Lease.

Integrated Development Businesses Europe – Retail Development Golden Square, Warrington



- Major retail development in NW England
- Existing 300,000 sq ft centre owned by 2 UK institutions
 - Needed partner to manage complexity and achieve point of difference
 - Lend Lease selected on track record
- Plan to reposition and double asset size
- Lend Lease taking 50% ownership position
- No investment until pre-conditions met
 - Pre-letting
 - Local Council agreement



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- Let's briefly review the Warrington retail development.
- It provides a showcase of Lend Lease's retail capabilities:
 - Our development and planning reputation secured our role with the joint institutional owners of the existing centre.
 - The institutional owners are also long term clients of Bovis Lend Lease.
 - While we are taking a 50% ownership position, our investment will not be made until we have achieved planning approval and the necessary pre-leasing, both of which generate development fees in the meantime.
- With our proven skills in retail development, Lend Lease's indicative yield on development cost - ungeared - is expected to be around 7.5% in year one.
- Gearing that project would increase the yield by a further 1 to 1.5%.
- Earnings will be further enhanced by long term asset management income.
- So we are very well placed to grow our UK Retail business.

Integrated Development Businesses Europe – Urban Communities



- Significant opportunity in UK for Lend Lease's Urban Communities business model:
 - Supply / demand imbalance
 - UK Government plan to increase supply
 - 200,000 new homes by 2016 in 4 growth areas in South East England
- Lend Lease well placed on back of Greenwich Peninsula project

South East England Government Growth Areas



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- The urban community development opportunity for Lend Lease in the UK is compelling.
- There are around 190,000 housing starts per year for a population of some 60 million.
- In Australia, with one-third the population, we see a minimum of 140,000 starts.
- That underscores the chronic undersupply of housing that the UK market faces.
- The supply / demand imbalance in the UK has now created such pressures that the UK Government has identified large-scale urban regeneration areas such as Greenwich to help alleviate the situation, particularly in South East England.
- This slide shows four such areas in South East England, most of them in Bluewater's catchment area that we know well.
- Given the record time and success we have had in achieving planning and commercial close on Greenwich, Lend Lease is very well positioned in a very specialised, high growth market.
- We are developing a strong pipeline of opportunities and are at an advanced stage of negotiation on two more projects.

Integrated Development Businesses Europe – Urban Communities Greenwich Peninsula



- New community for London which maximises urban density
 - 10,000 homes, 20,000 residents
 - 3.5m sq ft commercial
 - 0.35m sq ft retail
 - End value £5B (A\$13B)
- Largest planning approval in UK
 - Achieved in record time
- Significant enhancement to Lend Lease's reputation
- Generate annuity style earnings from June 2006



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- You have seen Greenwich Peninsula before and those who attended the recent investor tours had a good first-hand review of the project and its prospects.
- Like Bluewater was to Lend Lease's reputation in the UK retail market, Greenwich is proving to be a similar catalyst for us in the emerging urban development market.
- It is the largest planning approval to date in the UK, and we achieved it in record time - two and a half years from start to final approval.
- Over the next 15 years or so we will develop a new community that will include ten thousand homes, and 3.8 million square feet of retail and commercial space.
- We expect to earn the first of the annuity style profits during 2006.

Real Estate Investments Operations Profit After Tax



	2004 A\$M	2003 A\$M
Australia	22.0	26.8
Asia	3.8	5.1
Europe	7.8	4.2
	<hr/> 33.6	<hr/> 36.1

Note: Continuing Operations only

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- Let's now look at Real Estate Investments.
- The continuing Real Estate Investments businesses were down by \$2.5 million to an after tax profit of \$33.6 million. This excludes investment income.
- Earnings from European retail management operations were substantially higher after reductions in overheads that were achieved following the strategic review last year.
- The team in Europe has been generating impressive returns for investors, consistently exceeding benchmark.
- At Bluewater, the rent review process is proceeding extremely well.
- We are also gearing up to commence rent reviews at Touchwood, Solihull and Overgate, Dundee over the next couple of years.
- In Australia, profit was down 18%, primarily due to a distortion of the 2003 result from releases of provisions no longer required in that year.
- As you will have already seen, GPT delivered solid operational performance.
- Our wholesale funds management operations also performed very well.

Real Estate Investments Operations Wholesale Funds Management



- Committed to wholesale funds management
- A\$11.6B AUM globally
 - Asia Pacific A\$6.0B
 - Europe A\$5.6B
- Delivering strong returns for investors
- Merger with GPT to add value to wholesale investors in Australia
 - Capacity for co-investment and increased alignment
- Expect growth in AUM in all regions

Wholesale Performance Year ended 30 June 2004	
Fund	Return
APPF Retail	18.9%
APPF Commercial	10.0%
APPF Industrial	12.2%
REP	20.4% ⁽¹⁾
APIC II	18.1% ⁽²⁾

⁽¹⁾ IRR since inception

⁽²⁾ Year ended 30 April 2004

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- We have over A\$11 billion of assets under management globally through our wholesale vehicles.
- In Australia, we continued to grow our business through Australian Prime Property Fund and the launch of Real Estate Partners II.
- We have generated strong performance for our investors in all funds.
- This has allowed us to raise almost \$400 million in new equity over the past year, including 10 new investors, and approaching \$1 billion dollars raised in the last three years.
- This slide shows the competitive returns achieved for the various funds over the year to June.
- In Asia, our APIC funds and associated retail management and development business continue to perform well on behalf of our wholesale investors in that region.
- In the UK, the Retail Partnership also continued to perform well.
- On the back of this performance we are expecting to grow wholesale assets under management in both Asia Pacific and the UK, particularly Asia Pacific.
- This growth will be advantaged by a merger with GPT.
- The merged business' greater scale will mean the Lend Lease Group would have more capacity to support wholesale vehicles through co-investment, supporting the acquisition of assets - as is necessary from time to time to deal with the timing mismatch between acquiring assets, and accessing capital in this market.
- We see the next 2-5 years as a significant growth opportunity for Lend Lease as the flow of wholesale funds into property investment continues to grow at around 10% per year.

Real Estate Investment Assets Profit After Tax



	2004 A\$M	2003 A\$M
Australia (APPF, REP)	2.8	2.5
Asia (APIC)	(0.3)	-
Europe		
– Bluewater	39.3	33.8
– Lend Lease Overgate Partnership	4.1	4.3
– Lend Lease Retail Partnership	2.1	2.5
– Other	2.9	2.2
Total Europe	48.4	42.8
US (King of Prussia)	15.8	14.4
Total Investment Income	66.7	59.7

Note: Excludes investment income from discontinued REI businesses co-investments

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- Let's now look at our investment income.
- Income from Lend Lease's direct investments in assets grew by 12% in 2004, including increased earnings from the two largest assets - Bluewater in the UK and King of Prussia in the US.
- We are expecting further good growth in investment income in 2005, mainly on the back of the first rent review at Bluewater since it opened.

Real Estate Investment Assets Bluewater



- Continued exceptional performance
 - 69% of retailers are Top 5 performing within the chain, with 25% at No. 1
- Year ended 30 June 2004
 - Total centre sales up 3.7% to £806.5M (A\$2.1B)
 - Annual visitations up 4.4% to 27.1 million
- Market valuation of centre at 30 June 2004
 - £1.621B (A\$4.2B)
- Market valuation of Lend Lease's 30% interest £486M (A\$1,247M)
 - Book value of 30% interest £226.8M (A\$581.6M)
- Rent review process to drive further value



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- The success of Bluewater underscores the potential for Lend Lease as a developer, manager and owner of UK retail assets.
- Bluewater continues its exceptional performance, evidenced by the number of retailers at the centre who are either No. 1 in their particular chain or in the top 5.
- Sales and visitations were again up strongly in 2004.
- Lend Lease's 30% interest was valued at over \$1.2 billion at June 2004, up 13% since June 2003.
- As I said previously, we are expecting good rental income growth in 2005 which should continue to drive the value of Bluewater.

Real Estate Investment Assets King of Prussia



- Centre valuation up 18% to US\$744M at 30 June 2004
 - Further value to be derived from upcoming rent reviews
- Market value of Lend Lease's 50% interest circa US\$230M (A\$330M)
- Lend Lease book value of 50% interest US\$145.2M (A\$207.4M)
- Rental income yield on cost 10%



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- In the US, King of Prussia mall also performed very strongly with an 18% increase in valuation for the centre.
- As a result, the market value of Lend Lease's 50% interest was approximately \$330 million dollars at June compared to a book value of \$207 million.
- Our interests in Bluewater, King of Prussia, the Overgate Partnership and the UK Retail Partnership amount to a very high quality retail portfolio.
- This augurs well for the proposed merger with GPT.



- Let's now turn to some of the financials.

Group Services



	2004 A\$M	2003 A\$M	Movement A\$M
Profit / (Loss) Before Tax	(51.0)	(118.0)	67.0
Tax Benefit	22.6	62.7	(40.1)
Profit / (Loss) After Tax	(28.4)	(55.3)	26.9

- Total cost savings achieved in 2004 in line with A\$88M target
- Significant one-off tax benefits included in 2003 relative to 2004

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- The Group Services result highlights the success of our focus on costs last year.
- Net corporate costs before tax were down \$67 million.
- When coupled with the savings in Bovis Lend Lease, this makes up the lion's share of the \$88 million in cost savings that I flagged to the market last year.
- This demonstrates our capacity to deliver on cost savings.
- As we have indicated previously, we expect to achieve synergies and cost savings of \$60 million after tax in conjunction with the proposed merger with GPT.
- The after tax improvement in Group Services was less pronounced due to the 2003 financial year containing a significant number of one-off tax benefits.

Strong Financial Position



- Cash at 30 June 2004 A\$1.4B
 - Strong operating cash flows
 - Net of A\$405M share buyback

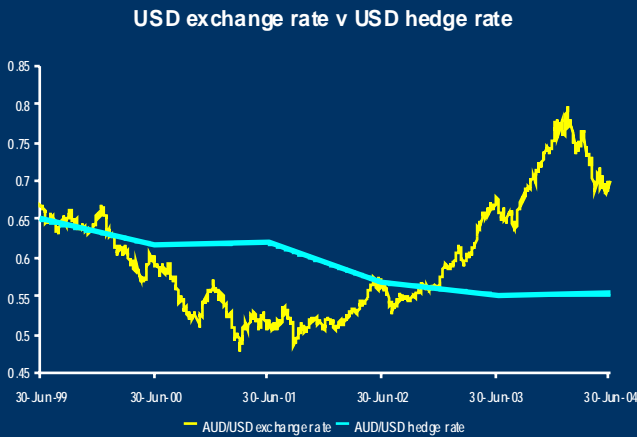
- Debt at 30 June 2004 A\$862M⁽¹⁾
 - Gearing 13% (Gross Debt to Total Tangible Assets)

⁽¹⁾ Excludes capital component of Bluewater lease £82.2M (A\$210M)

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- It goes without saying that Lend Lease is in a strong financial position, with continued strong operating cash flows.
- Cash at \$1.4 billion included over \$700 million from the sale of US REI, offset by over \$400 million on the share buyback and some acquisitions such as ComLand for \$177 million.
- Debt was effectively unchanged at \$862 million, and consists mainly of two bond facilities.
- The US\$250 million bonds are due on 30 June 2005.
- While the A\$500 million medium term note, which had been swapped into US dollars, is due in July 2005.
- We will take the opportunity this year to refinance this debt in the most effective manner.

Foreign Currency Hedging



➤ Offshore earnings hedging policy has been effective in mitigating currency volatility

➤ US\$ earnings hedged

	Range	Rate
FY 2005	100–60%	0.58
FY 2006	70–40%	0.66
FY 2007	40–10%	0.66

➤ GBP earnings hedged in similar ranges to US\$ at 38 pence across all years

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- I also want to discuss Lend Lease's foreign currency hedging, particularly given the strength of the Australian dollar against the US dollar this year.
- As you can see by the graph on the slide, the hedging policy has been extremely effective in mitigating the effects of what has been a volatile five year period for the US / Australian dollar rate.
- So, whilst the US exchange rate has ranged from less than 50 cents to as high as 80 cents earlier this year, the rate at which we have emerged offshore profits has been relatively stable.
- For example, in FY01 US profits emerged at around 62 cents, at 58 cents in FY02, and around 55 cents over the past two years.
- As indicated on the slide, FY05 US earnings are substantially hedged at 58 cents, which increases to 66 cents for 2006 and 2007.
- This will mean even if the Australian dollar remains strong, that the net rate that our US dollar earnings are translated at will only trend up over time, avoiding any interim volatility.
- We will continue to manage our foreign currency exposures in the merged entity to ensure that both earnings and distributions are not adversely affected by currency volatility.
- I will turn now to our earnings outlook, before I wrap up with some comments on our proposed merger with GPT.

Earnings Outlook



- All core businesses well positioned for growth
- 2005 FY reported eps growth of 15%+ after full benefit of share buybacks
- 2005 FY outlook consistent with 7% pro forma distribution growth forecast for merged group

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- Each of our businesses is well positioned for earnings growth in 2005 and beyond.
- In 2005, the full benefit of the share buyback program we initiated in 2004 will emerge with an expected 15% plus growth in earnings per share.
- On a stand-alone, after tax basis we expect a 2005 profit increase of around 10% on the \$237 million operating profit achieved this year.
- This outlook for 2005, together with a positive expectation for future growth, is consistent with our target 7% distribution growth for a merged Lend Lease Group.
- So, in summary, Lend Lease is in very good shape and with a very strong outlook.

GPT Merger Proposal Benefits for Lend Lease Shareholders



- Far greater certainty of sustainable earnings over medium and longer term
 - Scale and access to capital to accelerate growth in UK Retail and Urban Communities in the UK and US
 - Efficient capital structure on Day 1
 - Reduced cost of capital

- Result demonstrates Lend Lease's capacity to deliver significant growth in corporate earnings within merged group

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- I want to close with some comments on the most important issue on our immediate horizon – the recommended merger with GPT.
- The strength of our operating businesses within the result demonstrates Lend Lease's capacity to deliver its part of the bargain.
- We have also shown again this year, through the operating performance of GPT, APPF, APIC and the other property funds we manage, that Lend Lease is a highly capable property investment manager.
- We are very pleased that GPT's Independent Directors announced on August 6 that they intend to recommend that Lend Lease and GPT, partners for more than 30 years, be merged to create a business which is stronger than either is alone.
- From a Lend Lease perspective, this merger is about maximising capacity to replicate the short term growth opportunities we have today.
- We expect a merged Lend Lease Group to have far greater certainty of sustainable earnings over the medium and longer term.
- As we all know, sustainable earnings growth over the longer term is the key driver of shareholder value.
- From Day 1, the merger produces a business with a far more efficient capital structure than Lend Lease.
- We can fairly quickly deliver significantly improved, tangible shareholder value through a reduced cost of capital compared to what Lend Lease could expect to achieve over any realistic timeframe.

GPT Merger Proposal Benefits for GPT Unitholders



- Potential to more than double distribution growth
 - Access to earnings from Australia's leading urban community development business
 - Opens up international investment opportunities through established platform
 - Absolutely aligns interests of Lend Lease and GPT

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- From a GPT perspective, the merger has the potential to deliver more than double its current rate of distribution growth for only a moderate increase in risk profile.
- It provides GPT investors with an established platform for access to international investment opportunities.
- And it absolutely aligns the interests of Lend Lease management with those of GPT's investors.
- Each of these benefits is eminently achievable through merging with GPT and each of these benefits is an essential ingredient in delivering a higher quality earnings outlook for both groups of investors.



Full Year Results

June 2004