Lend Lease Corporation Limited
ANNUAL CONSOLIDATED FINANCIAL REPORT
30 JUNE 2001

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CONSOLIDATED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL PERFORMANCE

Year ended 30 June 2001

	Notes	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
PROFIT AND LOSS STATEMENTS					
REVENUE FROM ORDINARY ACTIVITIES					
Revenue from the sale of development properties [1]	3(a)	568.9	1,259.3		
Revenue from the provision of services	3(b)	9,996.8	7,515.1	21.0	55.4
Statutory Funds revenue	3(c)		3,585.6		
Other revenues from ordinary activities	3(d)	888.1	636.8	639.9	348.9
Total revenue from ordinary activities		**11,453.8**	**12,996.8**	**660.9**	**404.3**
EXPENSES FROM ORDINARY ACTIVITIES					
Cost of development properties sold [1]		(468.5)	(1,087.8)		
Project and construction management costs		(8,617.0)	(6,113.2)		
Employee expenses		(921.5)	(621.3)	(0.6)	(12.1)
IT related expenses		(60.5)	(79.5)	(15.2)	
Occupancy expenses		(109.8)	(83.6)		
Professional fees		(104.6)	(81.7)	(6.9)	
Statutory Funds expenses			(3,204.5)		
Cost of investments sold		(144.7)	(169.5)	(2.1)	(6.4)
Net provisions raised	4	(277.7)	(251.9)	(15.9)	(98.1)
Other expenses		(293.2)	(336.8)	(257.7)	(51.4)
Total expenses from ordinary activities		**(10,997.5)**	**(12,029.8)**	**(298.4)**	**(168.0)**
Share of net profit of associates accounted for using the equity method	32	0.4	13.1		
Share of net (loss)/profit of joint ventures using the equity method	33	(3.4)	3.7		
Earnings before interest expense, tax, depreciation and amortisation		**453.3**	**983.8**	**362.5**	**236.3**
Depreciation on property, plant and equipment and leasehold improvements	13	(36.0)	(29.4)	(1.3)	(1.5)
Amortisation of management agreements	15	(19.7)	(12.4)		
Amortisation of goodwill	14	(65.5)	(40.1)		
Amortisation of other intangibles	16	(7.0)	(3.2)		
Borrowing costs	4	(84.6)	(142.5)	(82.2)	(19.9)
Profit before tax from ordinary activities		**240.5**	**756.2**	**279.0**	**214.9**
Income tax expense relating to ordinary activities	5(a)	(83.0)	(316.0)	(61.5)	(15.8)
Profit after tax from ordinary activities		**157.5**	**440.2**	**217.5**	**199.1**
Ordinary profit after tax attributable to outside equity interests		**(6.1)**	**(8.0)**	**-**	**-**
Profit after tax attributable to members of Lend Lease Corporation Limited		**151.4**	**432.2**	**217.5**	**199.1**
Extraordinary items after income tax	6	**-**	**3,112.3**	**-**	**1,986.1**
Net profit attributable to members of Lend Lease Corporation Limited		**151.4**	**3,544.5**	**217.5**	**2,185.2**

		Consolidated June 2001 $m	Consolidated June 2000 $m
(1)	Revenue from the sale of development properties	568.9	1,259.3
	Cost of development properties sold	(468.5)	(1,087.8)
	Gross profit from the sale of development properties	**100.4**	**171.5**

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL PERFORMANCE continued

Year ended 30 June 2001

		Consolidated		Company	
	Notes	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
EQUITY STATEMENTS					
Equity at the beginning of the financial year		**5,306.6**	**3,468.8**	**4,596.4**	**2,626.3**
Movements comprise:					
Movements in contributed equity	23	(576.3)	80.1	(576.3)	80.1
Dividends paid or declared out of ordinary profits	7	(90.3)	(326.6)	(90.3)	(326.6)
Dividends foregone pursuant to share election plan	25	7.4	31.4	7.4	31.4
Share buyback dividend	7	(1,138.5)		(1,138.5)	
Adjustment to retained profits resulting from change in accounting policy for investments in joint ventures	25		(1.0)		
Adjustment to retained profits at the beginning of the financial year on initial adoption of AASB 1038 – Life Insurance Business	25		(456.0)		
Net profit attributable to members of Lend Lease Corporation Limited		151.4	3,544.5	217.5	2,185.2
Other changes in equity					
Movement in Asset Revaluation Reserve	24		(1,053.7)		
Movement in Foreign Currency Translation Reserve	24	(4.7)	8.3		
Total revenues, expenses and valuation adjustments attributable to members of Lend Lease Corporation Limited		**(1,651.0)**	**1,827.0**	**(1,580.2)**	**1,970.1**
Total changes in outside equity interests in controlled entities	26	11.8	10.8		
Total movement in equity for the financial year		**(1,639.2)**	**1,837.8**	**(1,580.2)**	**1,970.1**
Equity at the end of the financial year		**3,667.4**	**5,306.6**	**3,016.2**	**4,596.4**

		Notes	Consolidated June 2001	Consolidated June 2000	Company June 2001	Company June 2000
Dividend payout ratio (excluding extraordinary item)	(%)	7	59.6	75.6		
Dividend per share	(cents)	7	21.0	64.0	21.0	64.0
Basic earnings per share (excluding extraordinary item)	(cents)	7	33.7	85.0		
Basic earnings per share (including extraordinary item)	(cents)	7	33.7	697.5		

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

Year ended 30 June 2001

	Notes	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CURRENT ASSETS					
Cash and cash equivalents	8	1,118.6	3,483.8		
Receivables	9	2,509.1	1,991.9	2,580.5	813.1
Inventories	10	473.2	572.1		
Other investments	12	118.9	201.8		
Other assets	17	58.3	16.4		0.2
Total current assets		**4,278.1**	**6,266.0**	**2,580.5**	**813.3**
NON CURRENT ASSETS					
Receivables	9	65.5	248.8	862.0	4,770.1
Inventories	10	815.7	1,076.8		
Equity accounted investments	11	106.2	171.8		
Other investments	12	939.7	766.4	999.5	1,064.3
Future income tax benefit	5(d)	535.8	331.1	58.3	56.2
Property, plant and equipment	13	147.4	130.1	7.9	8.8
Goodwill	14	1,122.5	1,026.1		
Management agreements	15	963.8	860.3		
Other intangibles	16	2.6	7.6		
Other assets	17	149.5	56.9		
Total non current assets		**4,848.7**	**4,675.9**	**1,927.7**	**5,899.4**
Total assets		**9,126.8**	**10,941.9**	**4,508.2**	**6,712.7**
CURRENT LIABILITIES					
Creditors	18	2,732.5	2,401.5	324.8	80.2
Borrowings	19	100.0	128.7		
Current tax liabilities	5(b)	102.0	621.0	41.4	554.2
Provisions	20	409.2	504.1	123.9	179.7
Other interest bearing liabilities	21	32.0	34.2		
Other non interest bearing liabilities	22	259.0	110.1		
Total current liabilities		**3,634.7**	**3,799.6**	**490.1**	**814.1**
NON CURRENT LIABILITIES					
Creditors	18			1,000.1	1,293.5
Borrowings	19	980.8	916.8		
Provisions	20	92.3	67.5	0.1	8.4
Provision for deferred income tax	5(c)	228.2	154.3	1.7	0.3
Other interest bearing liabilities	21	315.1	326.6		
Other non interest bearing liabilities	22	208.3	370.5		
Total non current liabilities		**1,824.7**	**1,835.7**	**1,001.9**	**1,302.2**
Total liabilities		**5,459.4**	**5,635.3**	**1,492.0**	**2,116.3**
NET ASSETS		**3,667.4**	**5,306.6**	**3,016.2**	**4,596.4**
EQUITY					
Contributed equity	23	765.8	1,342.1	765.8	1,342.1
Reserves	24	112.4	117.1	104.6	104.6
Retained profits	25	2,749.9	3,819.9	2,145.8	3,149.7
Total parent equity interest		**3,628.1**	**5,279.1**	**3,016.2**	**4,596.4**
Outside equity interests in controlled entities	26	39.3	27.5		
TOTAL EQUITY		**3,667.4**	**5,306.6**	**3,016.2**	**4,596.4**

The accompanying notes form part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 30 June 2001

	Notes	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		9,868.5	7,822.1	110.6	55.0
Cash payments in the course of operations		(9,773.8)	(8,286.6)	(117.7)	(104.0)
Property development receipts	29(b)	817.7	1,254.2		
Property development expenditure	29(b)	(538.3)	(883.6)		
Interest received		118.9	511.6	203.0	3.0
Dividends received		31.8	491.3	204.3	287.0
Distributions from partnerships received	29(b)	18.5	20.1		
Income tax paid in respect of operations		(162.9)	(243.1)	(22.0)	(13.2)
Interest paid		(93.0)	(127.8)	(82.1)	(19.9)
Premiums received			3,609.4		
Policy payments			(3,855.0)		
Net proceeds from sales and purchases of Statutory Funds investments			413.6		
Net cash provided by operating activities	29(a)	**287.4**	**726.2**	**296.1**	**207.9**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale/redemption of investments	29(b)	117.0	218.6	3.5	27.0
Purchases of investments	29(b)	(224.7)	(133.5)		
(Loans to)/repayment of loans to associates/related parties		(13.6)	21.5	(10.5)	
Proceeds from sale of controlled entities	29(c)		4,596.7		4,596.7
Payment for acquisition of controlled entities	29(c)	(46.9)	(1,688.9)	(11.5)	
Proceeds from sale of property, plant and equipment		9.6	0.2	0.5	
Purchases of property, plant and equipment		(45.5)	(45.4)	(0.6)	(1.5)
Income tax paid in respect of extraordinary profit on the sale of financial services businesses		(545.2)		(545.2)	
Net cash (used in)/provided by investing activities		**(749.3)**	**2,969.2**	**(563.8)**	**4,622.2**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings	29(b)	1,124.4	3,839.7		
Repayment of borrowings	29(b)	(1,133.2)	(4,394.0)		
Net proceeds from share issues	23,25	49.8	124.1	49.8	124.1
Payments for share buybacks (1)	23	(1,757.2)	(12.6)	(1,757.2)	(12.6)
Dividends paid		(219.7)	(319.0)	(219.7)	(319.0)
Decrease/(increase) in financing of controlled entities				2,194.8	(4,622.6)
Net cash (used in)/provided by financing activities		**(1,935.9)**	**(761.8)**	**267.7**	**(4,830.1)**
OTHER CASH FLOW ITEMS					
Effect of exchange rate changes on cash and cash equivalents		32.6	17.1		
Cash balances in controlled entities sold			(458.7)		
Net increase/(decrease) from other items		**32.6**	**(441.6)**	**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**(2,365.2)**	**2,492.0**	**-**	**-**
Cash and cash equivalents at beginning of financial year					
Attributable to Operating Businesses		3,483.8	620.7		
Attributable to Statutory Funds			371.1		
Cash and cash equivalents at beginning of financial year		**3,483.8**	**991.8**	**-**	**-**
Cash and cash equivalents at end of financial year	8	**1,118.6**	**3,483.8**	**-**	**-**

(1) Comprises both the capital component ($618.7 million) and dividend component ($1,138.5 million) of the off-market share buyback completed in October 2000.

The June 2000 Consolidated Statement of Cash Flows includes the cash flows of the Statutory Funds.

The accompanying notes form part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) BASIS OF PREPARATION

The Financial Report is a general purpose financial report, which has been prepared in accordance with applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and Urgent Issues Group Consensus Views. The Financial Statements have been prepared under the historical cost convention and except where stated, does not take into account changing values or fair values of non current assets. The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous financial year, except where otherwise noted.

BASIS OF CONSOLIDATION

The Lend Lease Group (Lend Lease) consolidation comprises all entities controlled by Lend Lease Corporation Limited (Lend Lease Corporation).

Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

The balances, and effects of transactions, between controlled entities included in the Consolidated Financial Statements, have been eliminated.

Outside interests in the equity and results of the entities that are controlled by Lend Lease are shown as a separate item in the Consolidated Financial Statements.

(b) REVENUE

REVENUE FROM THE SALE OF DEVELOPMENT PROPERTIES represents:

- for property held for resale whilst under development where an unconditional sales contract is in place or when all conditions under the sales contract have been met or are reasonably likely to be met, the proportion of the development completed; and
- for completed properties held for resale, upon exchange of unconditional sales contract.

REVENUE FROM THE PROVISION OF SERVICES represents:

- for property construction, the value of work performed; and
- for property and funds management, capital services and property development, management fee entitlement for services rendered.

DIVIDENDS

Dividends are recognised when declared.

RENTAL INCOME represents:

- for property owned, share of net operating income of property.

PROCEEDS ON SALE OF INVESTMENTS

Proceeds on sale of investments are recognised when they can be reliably determined.

(c) PROFITS

Profits are brought to account:

- for property construction, progressively at an amount equivalent to general overheads or an amount equivalent to the value of work performed when the outcome of a contract can be reliably determined (Lend Lease does not consider that the outcome of a construction contract can be reliably determined until it is at least 50% complete);

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(c) PROFITS continued

- for property held for resale whilst under development where an unconditional sales contract is in place or when all conditions under the sales contract have been met or are reasonably likely to be met, progressively at an amount equivalent to the value of work performed when both revenues and costs to complete can be reliably determined (Lend Lease does not consider that revenues and costs can be reliably determined until a development is at least 50% complete);
- for completed properties held for resale, upon exchange of an unconditional sales contract;
- for goods and services, when such goods or services have been supplied or rendered;
- for rental income, when earned; and
- for profits on sale of investments, where an unconditional contract is in place.

Stage of completion is measured by reference to actual costs to date as a percentage of total forecast costs for each contract.

(d) INCOME TAX

Lend Lease applies the liability method of tax effect accounting whereby income tax expense is calculated on the pre-tax profit adjusted for permanent differences. Income tax relating to timing differences arising from items being brought to account in different periods for income tax and accounting purposes is carried forward in the Statements of Financial Position as “Future income tax benefit” or “Provision for deferred income tax". Future income tax benefits relating to income tax losses are only brought to account when their realisation is virtually certain.

(e) INVESTMENTS

Investments are carried at the lower of cost or recoverable amount. The assessment of net recoverable amount of each holding is carried out at least annually by an independent valuer for assets carried in the Statements of Financial Position at over $100.0 million and for assets carried in the Statements of Financial Position at over $20.0 million where the last independent valuation was less than 10% higher than Statements of Financial Position value; for other assets carried in the Statements of Financial Position between $20.0 million and $100.0 million at least bi-annually; and for other assets at least once every three years.

The independent valuers determine the recoverable amount of each asset using valuation methodologies appropriate to the particular nature and circumstances of each asset. Such methodologies, where appropriate, include discounting the expected net cash flows to their present value.

(f) ASSOCIATES

Associates are those entities over which the economic entity exercises significant influence, but not control. Investments in associates are accounted for using the equity method. This method requires the carrying amount of investments in associates to be adjusted by the economic entity’s share of the associates’ net profit or loss after tax and other movements in reserves. These amounts are recognised in the Group’s profit and loss account and consolidated reserves respectively.

Dividends from associates represent a return of the Group’s investment and as such are applied as a reduction to the carrying value of the investment.

(g) PARTNERSHIPS

Interests in partnerships are accounted for using the equity method. Interests in partnerships are carried at the lower of the equity accounted carrying amount and recoverable amount. The equity accounted carrying amount is the historical cost plus Lend Lease's share of the partnership's result less any drawings or distributions made to Lend Lease. Lend Lease's share of the partnership's result is included in the Statements of Financial Performance for the year.

(h) JOINT VENTURE ENTITIES

A joint venture entity is an entity which has a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Investments in joint venture entities are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted carrying amount and recoverable amount.

Lend Lease's share of joint venture entities' net profit or loss after tax is recognised in the Statement of Financial Performance for the year. Other movements in joint venture entities' reserves are recognised directly in consolidated reserves.

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(i) JOINT VENTURE OPERATIONS

A joint venture operation is a joint venture that is not in the form of an entity. Lend Lease's interest in an unincorporated joint venture is brought to account by including its interest in the following amounts in the appropriate categories in the Statements of Financial Position and Financial Performance:

- each of the individual assets employed in the joint venture;
- liabilities incurred by the consolidated entity in relation to the joint venture and the liabilities for which it is jointly and/or severally liable;
- expenses incurred in relation to the joint venture; and
- revenue earned in relation to the joint venture.

(j) RECEIVABLES

TRADE DEBTORS

Trade debtors are carried at amounts due and are generally due for settlement within thirty days. The collectability of debts is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

BILLS OF EXCHANGE

Bills of exchange have been purchased in the market at a discount to face value. The bills are carried at an amount representing cost and a portion of the discount recognised as income on an effective yield basis. The discount is brought to account on an accruals basis.

(k) INVENTORIES

PROPERTY HELD FOR RESALE

Property acquired for development and sale in the ordinary course of business is carried at cost to date, including borrowing costs incurred.

The net recoverable amount of each holding is assessed by independent valuers and a provision for diminution in value is raised by the Directors where cost (including costs to complete) exceeds the valuation. The assessment of net recoverable amount is carried out in accordance with a policy consistent with that applied for investments (refer Note 1(e)).

CONSTRUCTION AND DEVELOPMENT WORK IN PROGRESS

The gross amount of construction and development work in progress consists of costs attributable to work performed together with emerging profit and after providing for any foreseeable losses.

(l) PROPERTY, PLANT AND EQUIPMENT

Land, buildings and leasehold improvements are included at not more than cost or a previous valuation to which the cost of additions since that valuation is added.

Except for investment properties, depreciation is provided on cost or valuation over the economic lives of the assets. Amortisation is provided on leasehold improvements over the remaining period of the lease. Most plant is depreciated over a period not exceeding ten years, furniture and fittings over fifteen years, motor vehicles over eight years and computer equipment over three years. The straight line method of depreciation/amortisation is used.

The carrying amount of non current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is recognised as an expense in the net profit or loss in the financial year in which it occurs.

In assessing recoverable amounts of non current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(m) MANAGEMENT AGREEMENTS

Management agreements are held at cost. These agreements are independently valued in accordance with a policy consistent with that applied for investments (refer Note 1(e)). Management agreements are amortised over their estimated useful lives, assessed on average to be fifty years.

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(n) GOODWILL

Goodwill represents the excess of the purchase consideration plus incidental acquisition costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity, and is amortised on a straight line basis over a period not exceeding twenty years.

In establishing the fair value of the identifiable net assets acquired, a liability for restructuring costs is only recognised at the date of acquisition where there is a demonstrable commitment and a detailed plan. The liability is only recognised where there is little or no discretion to avoid payments to other parties in settlement of costs of the restructuring and a reliable estimate of the amount of the liability as at the date of acquisition can be made.

The unamortised balance of goodwill is reviewed and where the balance exceeds the value of expected future benefits, the difference is charged to the Statements of Financial Performance.

(o) IT SYSTEMS

Direct costs incurred in the development of major IT Systems are capitalised on the Statements of Financial Position. A major IT System is one that has a total cost in excess of $10.0 million and that will provide demonstrable ongoing benefits to Lend Lease.

IT Systems are amortised on a straight-line basis over a period not exceeding five years.

(p) EMPLOYEE BENEFITS

Employees' superannuation funds and retirement plans provide benefits for employees. In addition, Lend Lease provides an employee profit sharing scheme and share plans for employees, subject to eligibility. Contributions by Lend Lease companies are charged against current income.

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on current wage and salary rates including related on costs.

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

(q) TRADE CREDITORS

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to Lend Lease. Trade accounts payable are normally settled within sixty days.

(r) BORROWINGS

Borrowings are carried on the Statements of Financial Position at the sum of the drawn principal and accrued interest, which is accrued at the contracted rate.

(s) FOREIGN CURRENCY

Lend Lease's international currency management strategy and policy is detailed in Note 30.

Assets and liabilities of self-sustaining foreign operations and, where applicable, the corresponding forward foreign exchange contract hedges are converted at rates of exchange ruling at balance date and the resulting foreign currency gains and losses are recorded net of income tax in the Foreign Currency Translation Reserve. Other Foreign Currency Translation Reserve amounts are transferred to retained earnings when the underlying assets change in nature or are realised.

All other assets and liabilities denominated in foreign currency, and where applicable the corresponding forward foreign exchange contract hedges, are converted at rates of exchange at balance date and the resulting foreign currency gains and losses are taken to profit and loss in the financial year in which they arise.

Forward foreign exchange contract hedges taken out in respect of the projected future profits of foreign operations (refer Note 30) are converted at the ruling rates of exchange at balance date. The resulting foreign currency gains and losses are taken to profit and loss for hedge contracts that relate to the current financial year, or held on the Statements of Financial Position as an asset or a liability for hedge contracts that relate to future year profits, provided that sufficient profits are expected to be made by the foreign operations. The effect is to record profit from foreign operations at the hedged exchange rate.

1. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES continued

(t) DERIVATIVES

Lend Lease is exposed to changes in interest rates and foreign exchange rates and uses interest rate swaps, cross currency swaps, options, and forward foreign exchange contracts to hedge these risks.

Derivative financial instruments designated as hedges are accounted for on the same basis as the underlying exposure.

Interest payments and receipts under interest rate swap contracts are recognised on an accruals basis in the profit and loss account as an adjustment to interest expense during the financial year, or capitalised within inventories when incurred in relation to property acquired for development and resale (refer Note 1(k)).

The accounting policy for forward foreign exchange contracts is set out in Note 1(s).

(u) PROVISIONS

Provisions are raised to recognise future liabilities for which the amount and timing are uncertain.

Provisions for restructuring are only recognised when a detailed plan has been approved and the restructuring has either commenced or been publicly announced. Costs related to ongoing activities are not provided for.

Where the carrying amount of a non current asset is determined to be in excess of its recoverable amount at balance date, then a provision against this asset is raised.

(v) BORROWING COSTS

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than twelve months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the costs of the assets. Where funds are borrowed specifically for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average interest rate.

(w) COMPARATIVE FIGURES

Lend Lease sold its Financial Services businesses on 30 June 2000. The profits and losses of those entities were included in the consolidated profit for Lend Lease for the year ended 30 June 2000. This includes the profits of the Statutory Funds of MLC Limited and MLC Lifetime Company Limited and the life insurance operations of PT Simas Lend Lease Life and CEF Lend Lease Life Assurance Limited, which was required under Australian Accounting Standard AASB 1038 "Life Insurance Business". The assets and liabilities of those entities were not included in the Lend Lease Consolidated Statements of Financial Position at 30 June 2000 due to the completion of the sale.

2. SEGMENT REPORTING

The segment results are discussed and analysed in the Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) included within this report. The extraordinary profit on the sale of the Financial Services businesses on 30 June 2000 is excluded from the comparative segment results.

BUSINESS SEGMENT SUMMARY

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Bovis Lend Lease	9,204.3	6,512.3	145.3	101.2	90.3	56.3	3,438.1	2,755.6
Property Development	873.2	1,299.9	36.9	22.8	30.9	11.3	1,642.8	2,049.2
Total Real Estate Solutions	**10,077.5**	**7,812.2**	**182.2**	**124.0**	**121.2**	**67.6**	**5,080.9**	**4,804.8**
Real Estate Investments	**937.3**	**690.0**	**162.7**	**218.1**	**116.9**	**137.2**	**3,216.0**	**2,627.8**
Total Core Real Estate	**11,014.8**	**8,502.2**	**344.9**	**342.1**	**238.1**	**204.8**	**8,296.9**	**7,432.6**
Non Core Businesses/ One-Off Items								
REI restructure costs			(51.7)		(30.3)			
Capital Services	76.9	62.1	(2.2)	13.3	(12.7)	14.4	33.8	105.3
IT+T and eBusiness Investments	11.8	87.0	(56.9)	59.6	(42.7)	38.1	83.6	132.3
Equity Investments	192.5	218.6	120.3	134.4	82.7	98.4	22.5	93.7
Total Non Core Business	**281.2**	**367.7**	**9.5**	**207.3**	**(3.0)**	**150.9**	**139.9**	**331.3**
Corporate								
Group Services	43.3	19.5	(71.8)	(82.5)	(35.2)	(50.3)		
Group Amortisation			(82.3)	(55.7)	(82.3)	(55.7)		
Group Treasury	114.5	44.5	40.2	(80.4)	33.8	(48.1)	690.0	3,178.0
Total Corporate	**157.8**	**64.0**	**(113.9)**	**(218.6)**	**(83.7)**	**(154.1)**	**690.0**	**3,178.0**
Total excluding Financial Services	**11,453.8**	**8,933.9**	**240.5**	**330.8**	**151.4**	**201.6**	**9,126.8**	**10,941.9**
Financial Services		**4,062.9**		**425.4**		**230.6**		
Total Operating	**11,453.8**	**12,996.8**	**240.5**	**756.2**	**151.4**	**432.2**	**9,126.8**	**10,941.9**

BUSINESS GEOGRAPHICAL SEGMENT SUMMARY

	Operating Revenue		Operating Profit/(Loss) Before Tax		Operating Profit/(Loss) After Tax		Segment Assets	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Australia & Pacific	2,041.1	6,769.8	54.5	544.9	31.8	325.7	1,754.7	4,703.9
North America	6,032.8	3,439.6	101.2	153.2	82.6	94.6	4,497.2	3,626.3
Asia	406.3	383.7	13.6	20.0	5.4	10.4	437.9	370.5
Europe	2,859.1	2,359.2	113.3	174.2	80.1	105.3	2,437.0	2,241.2
Group Treasury	114.5	44.5	40.2	(80.4)	33.8	(48.1)		
Group Amortisation			(82.3)	(55.7)	(82.3)	(55.7)		
Total	**11,453.8**	**12,996.8**	**240.5**	**756.2**	**151.4**	**432.2**	**9,126.8**	**10,941.9**

All interest costs and revenues of the Lend Lease Group not directly relating to a specific project are reported under Corporate for the purposes of segment reporting.

The principal activities of each industry segment are:

BOVIS LEND LEASE

Real estate project management, project design and construction management. In addition this business segment is responsible for the creation and management of Private Finance Initiatives and Build Operate Transfer projects (BOT).

PROPERTY DEVELOPMENT

All aspects of property development from concept through design, planning, construction, financing and leasing to eventual sale.

2. SEGMENT REPORTING continued

REAL ESTATE INVESTMENTS

Management of real estate investment funds, limited partnerships and trusts on behalf of clients (including acquiring, managing and selling investments); co-investment in funds or real estate assets, portfolio management, origination and servicing of commercial mortgages, resolution of sub-performing and non-performing commercial mortgages, shopping centre leasing, management and redevelopment and acting as financial advisor and arranger of project finance and related services.

CAPITAL SERVICES

The principal activities of Capital Services are as investor in infrastructure assets and asset fund managers; and investor in UK real estate development companies. This business is focussed on maximising the value of its existing investments and is not pursuing any new investments.

IT+T AND eBUSINESS INVESTMENTS

Investments in information technology and telecommunication (IT+T) services companies and various eBusiness ventures.

EQUITY INVESTMENTS

Lend Lease's strategy has been from time to time to make and hold investments in companies where a strategic business rationale existed, and where a mutually beneficial business relationship with these companies could be developed. The decision to invest or divest equity investments is determined after consideration of both strategic and valuation factors.

CORPORATE

Group Treasury, amortisation and corporate administration services. All financing costs that are not directly related to real estate development projects or investments are reported in the other items segment, irrespective of where those costs are incurred.

FINANCIAL SERVICES

Funds Management and Administration, Life Insurance operations and Investment Management Services of MLC and related businesses which were sold on 30 June 2000.

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
3. REVENUE				
Revenue from sale of development properties	568.9	1,259.3		
Revenue from the provision of services	9,996.8	7,515.1	21.0	55.4
Statutory Funds revenue		3,585.6		
Other revenue from ordinary activities	888.1	636.8	639.9	348.9
Total revenue	**11,453.8**	**12,996.8**	**660.9**	**404.3**
Total comprising:				
(a) REVENUE FROM THE SALE OF DEVELOPMENT PROPERTIES				
Bluewater, Kent	272.5	530.6		
Darling Park Stages I & II, Sydney		248.1		
Overgate Centre, Dundee	25.5	193.9		
Olympic Village/Newington, Sydney	182.2	183.4		
155 Macquarie Street, Sydney (residential) (25% share)		18.6		
Admiralty Industrial Park, Singapore	38.1	16.9		
Other	50.6	67.8		
	568.9	**1,259.3**	**-**	**-**
(b) REVENUE FROM THE PROVISION OF SERVICES				
Bovis Lend Lease	9,193.5	6,504.7		
Property Development	23.7	24.1		
Real Estate Investments	769.8	551.6		
Financial Services		415.8		43.8
Group Services	9.8	18.9	21.0	11.6
	9,996.8	**7,515.1**	**21.0**	**55.4**
(c) STATUTORY FUNDS REVENUE [(1)]				
MLC Limited		2,992.6		
MLC Lifetime		593.0		
	-	**3,585.6**	**-**	**-**
(d) OTHER REVENUE FROM ORDINARY ACTIVITIES				
Dividends Received				
Controlled entities			189.2	278.5
Other related parties	0.5	0.2	0.5	
Other corporations	25.6	13.0	24.6	12.0
	26.1	**13.2**	**214.3**	**290.5**
Rental Income				
Bluewater, Kent	46.4	52.5		
Darling Park, Sydney		12.6		
Overgate, Dundee	18.4	4.4		
Other	5.0	3.6		
	69.8	**73.1**	**-**	**-**
Interest Received				
Controlled entities			260.0	0.6
Other related parties	5.3	11.8	2.8	1.9
Other corporations	109.2	32.7	2.4	0.5
	114.5	**44.5**	**265.2**	**3.0**

(1) Under AASB 1038 Life Insurance Business, for the financial year ended 30 June 2000, Life Insurance entities were consolidated with the results of Lend Lease. Refer Note 1(w).

3. REVENUE continued

(d) OTHER REVENUE FROM ORDINARY ACTIVITIES continued

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Proceeds on Sale of Investments				
Westpac [(1)]	192.5	173.4		
SITEL Corporation		48.4		
Mirvac Stapled Securities		43.6		
Advantra		27.0		27.0
Fareham Retail Partnership		26.7		
Vestar Long Beach		40.5		
Vestar Glendale	29.7			
Whitecliff Properties	19.2			
Prospect Water Partnership	18.4	11.5		
Infrastructure Investment Corporation Limited	2.0		2.0	
Bulwer Island Energy Partnership	30.5			
Cempaka, Indonesia	9.5			
Other	1.6	9.3		
	303.4	**380.4**	**2.0**	**27.0**
Net Unrealised Gains on Investments [(2)]				
FlexiPlan		44.8		
Other		10.9		
	-	**55.7**	**-**	**-**
Share of Partnerships' Result				
King of Prussia	22.2	18.4		
YCP II	6.8			
Whitecliff Properties	2.1			
Other	1.6	2.9		
	32.7	**21.3**	**-**	**-**
Other Revenue				
Guarantee fees	27.0	19.1	58.9	19.1
Distributions received	22.4			
Other	49.7	29.5	99.5	9.3
	99.1	**48.6**	**158.4**	**28.4**
Proceeds on sale of property development entities [(3)]	**242.5**	**-**	**-**	**-**
Total other revenue from ordinary activities	**888.1**	**636.8**	**639.9**	**348.9**

(1) Represents the partial release of the hedging arrangements (refer Note 12) and the sale of a residual direct holding.

(2) Under AASB 1038, for the financial year ended 30 June 2000, Life Insurance entities were consolidated with the results of Lend Lease which included the recognition of unrealised gains.

(3) Represents the disposal of Lend Lease's 50% joint venture interest in Aurora Place (88 Phillip Street, Sydney).

A reconciliation of revenue for each segment in the year to 30 June 2001 is set out below. A more detailed analysis of revenue by segment is included within Management's Discussion and Analysis of Financial Condition and Results of Operations.

3. REVENUE continued

(d) OTHER REVENUE FROM ORDINARY ACTIVITIES continued

	Sale of Development Properties & Services $m	Dividends Received $m	Rental Income $m	Interest Received $m	Proceeds on Sale of Investm'ts $m	Share of Partner-ships Results $m	Other Revenue $m	Total per Segment Revenue $m
REVENUE BY SEGMENT								
Bovis Lend Lease	9,193.5						10.8	9,204.3
Property Development	592.6		3.0		28.7	2.9	246.0	873.2
Real Estate Investments	769.8		66.8		31.6	29.0	40.1	937.3
Capital Services					49.0	0.8	27.1	76.9
IT+T & eBusiness							11.8	11.8
Equity Investments					192.5			192.5
Corporate	9.8	26.1		114.5	1.6		5.8	157.8
	10,565.7	**26.1**	**69.8**	**114.5**	**303.4**	**32.7**	**341.6**	**11,453.8**

4. ORDINARY PROFIT ITEMS

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Profit from ordinary activities before income tax is arrived at after including:				
Borrowing Costs				
Non interest borrowing costs	**3.7**	**12.1**	**-**	**-**
Interest borrowing costs				
Controlled entities			82.2	19.9
Related parties		0.5		
Other corporations	93.3	146.7		
Less: Capitalised interest borrowing costs	(12.4)	(16.8)		
Net interest borrowing costs	**80.9**	**130.4**	**82.2**	**19.9**
Net borrowing costs charged to Profit and Loss	**84.6**	**142.5**	**82.2**	**19.9**
Bad debts expense	41.6	1.0	34.0	
(Profit) on sale of property, plant and equipment	(0.1)	(0.3)	(0.3)	
(Gain)/loss on sale of investments				
Westpac	(120.9)	(117.0)		
Mirvac		(15.8)		
Fareham Retail Partnership		(7.4)		
Prospect Water Partnership	(18.3)	(8.1)		
Sitel Corporation		(31.3)		
Advantra		(20.6)		(20.6)
Vestar Long Beach		(15.3)		
Vestar Glendale	(3.2)			
Whitecliff Properties	(0.5)			
Bulwer Island Energy Partnership	(6.4)			
Infrastructure Investment Corporation Limited	0.1		0.1	
Cempaka	(8.4)			
Other	(1.1)	4.6		
Total (gain)/loss on sale of investments	**(158.7)**	**(210.9)**	**0.1**	**(20.6)**
Net foreign exchange loss	**11.9**	**5.6**	**43.0**	**24.0**

4. ORDINARY PROFIT ITEMS continued

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Net provisions raised				
Employee benefits	43.6	53.4	0.2	0.7
Construction risks	33.8	27.2		
Writeback for construction risks	(19.0)	(13.4)		
Diminution in value of property inventories		11.4		
Doubtful debts	13.0	8.3	(14.6)	5.3
Writeback of provision for doubtful debts	(28.5)			
Diminution in value of investments	143.9	96.8	26.4	83.7
Writeback of provision for value of investments	(1.2)	(7.4)	(76.1)	
Restructuring provisions	41.5			
Other provisions	62.3	86.4	80.0	8.4
Writeback of other provisions	(11.7)	(10.8)		
Total net provisions raised	**277.7**	**251.9**	**15.9**	**98.1**
Operating lease rental expense	102.2	71.2	0.2	1.0
Finance lease expense	3.3	4.7		

The capitalised interest borrowing costs related to Olympic Village/Newington, Sydney ($4.4 million) and Touchwood, Solihull ($8.0 million). The average rate of interest on capitalised interest amounts was 6.6%. The interest borrowing costs other corporations ($93.3 million) mainly relates to the guaranteed notes (refer Note 19).

Bad debts expense of $41.6 million in June 2001 mainly comprised guarantee fees not received. Doubtful debt provisions raised in previous years in relation to the bad debts expense totalled $24.6 million.

The gain on sale of investment in Westpac of $120.9 million primarily related to the gain on the 19 million shares effectively sold with the partial unwinding of the hedge on the remaining Westpac shares (refer Note 12). The gain in June 2000 of $117.0 million related to the 15 million shares unwound from the Arrangements in the previous year, realising a profit before tax of $93.0 million, and the final dividend of $24.0 million received on the 100 million shares that were subject to the forward sale (refer Note 12).

The net foreign exchange loss of $11.9 million (June 2000 $5.6 million loss) comprised three elements. Firstly, during the financial year a portion of profits from the UK, US and Asian operations were hedged which resulted in a foreign exchange loss of $11.0 million. The profits of the foreign operations are decreased by the loss on the hedges resulting in foreign profits emerging at the hedged rate. Secondly, foreign exchange net gains on transactions were $3.6 million. Thirdly, the costs of hedging net assets and profits for the financial year were $4.5 million. This arises due to the difference between spot and forward rates caused by the interest differential between Australia and the country of the currency being hedged.

Provisions raised for the diminution in value of investments of $143.9 million mainly relate to Fox Studios, Sydney ($88.8 million) and coolsavings.com ($47.6 million).

	Consolidated		Company	
	June 2001 $000s	June 2000 $000s	June 2001 $000s	June 2000 $000s
Auditors' remuneration				
Amounts received or due and receivable by the auditors of Lend Lease Corporation for:				
Auditing the accounts	4,848	4,419	331	271
Other services	6,321	11,165		119

Auditors' other services remuneration decreased from $11.2 million in June 2000 to $6.3 million in June 2001, which mainly related to the June 2000 financial year including services for the Financial Services Businesses and Y2K compliance consulting.

5. TAXATION

(a) INCOME TAX EXPENSE

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Operating profit before tax	240.5	756.2	279.0	214.9
Adjustment for operating profit before tax of Statutory Funds		(362.8)		
Operating profit before tax excluding Statutory Funds	**240.5**	**393.4**	**279.0**	**214.9**
Prima facie income tax expense at 34% (June 2000 36%) of operating profit excluding Statutory Funds	**81.8**	**141.6**	**94.9**	**77.4**
Tax effect of permanent differences:				
Rebateable dividends	(7.6)	(4.5)	(71.4)	(102.3)
Non taxable income	(4.2)	(9.1)		
Variation in overseas tax rates	(6.1)	(4.5)		
Amortisation expense	3.6	6.3		
Equity accounted profits	(0.1)	(2.9)		
Non allowable expenses	10.2	13.0	35.9	30.5
Capital gains indexation	(3.0)	(2.5)		
Other	0.9	7.6		
	(6.3)	**3.4**	**(35.5)**	**(71.8)**
Income tax expense for Statutory Funds		166.4		
Income tax expense for current financial year	**75.5**	**311.4**	**59.4**	**5.6**
Restatement of deferred tax balances due to change in Australian corporate income tax rate	3.4	1.1	(2.2)	10.2
Income tax under provided in previous financial years	4.1	3.5	4.3	
Total income tax expense	**83.0**	**316.0**	**61.5**	**15.8**
Effective tax expense rate	**34.5%**	**41.8%**	**-**	**-**

(b) CURRENT TAX LIABILITIES

Movements during the financial year were as follows:

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Balance at beginning of financial year				
Lend Lease Operating Businesses	621.0	73.9	554.2	8.7
Statutory Funds (refer Note 1(w))		110.6		
Income tax paid	(708.1)	(243.1)	(574.9)	(13.2)
Addition through acquisition of controlled entities		16.0		
Reduction through sale of controlled entities		(98.0)		
Prior financial year adjustments	4.1	3.5	4.3	
Current financial year income tax expense on operating profit after adjusting for timing differences	185.0	225.7	57.8	18.7
Income tax expense on extraordinary items (refer Note 6)		532.4		540.0
	102.0	**621.0**	**41.4**	**554.2**

(c) PROVISION FOR DEFERRED INCOME TAX

Provision for deferred income tax comprises the estimated liability at the applicable income tax rates on the following items:

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Difference in depreciation and amortisation for accounting and income tax purposes	0.7	0.3		
Expenditure currently deductible for tax but deferred for accounting purposes	39.2	5.8	1.7	0.3
Development expenditure deductible prior to recognition of project profits	31.1	40.2		
Deferred partnership income	35.9	18.3		
Unrealised foreign exchange movements	78.2	57.1		
Other	43.1	32.6		
	228.2	**154.3**	**1.7**	**0.3**

5. TAXATION continued

(d) FUTURE INCOME TAX BENEFIT

Future income tax benefit comprises the estimated future benefit at the applicable income tax rates on the following items:

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Provisions and accruals not currently deductible	282.3	213.7	24.8	35.3
Unrealised accounting profit on construction projects	2.8	3.9		
Tax losses carried forward	170.8	40.7		
Deferred interest costs	69.1	38.0		
Unrealised foreign exchange movements	6.1	18.0	33.5	20.9
Other	4.7	16.8		
	535.8	**331.1**	**58.3**	**56.2**

6. EXTRAORDINARY ITEMS

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Proceeds from sale of Financial Services Division		**4,596.7**		**4,596.7**
Less: Cost of sales				
Investment in Financial Services Division		(898.2)		(2,054.6)
Restructure provision		(19.9)		
Other selling costs		(33.9)		(16.0)
Profit from sale of Financial Services Division before income tax expense	**-**	**3,644.7**	**-**	**2,526.1**
Income tax expense		(532.4)		(540.0)
Profit from sale of Financial Services Division after income tax expense	**-**	**3,112.3**	**-**	**1,986.1**

7. DIVIDENDS AND EARNINGS PER SHARE

DIVIDENDS

	Company June 2001 $m	Company June 2000 $m
SHARE BUYBACK		
Dividend component of share buyback (refer Note 23 and Note 25)	1,138.5	
INTERIM DIVIDEND		
13¢ per share paid March 2001 (March 2000 32¢ per share)	55.8	162.7
FINAL DIVIDEND		
8¢ per share declared (June 2000 32¢ per share)	34.5	163.9
Dividends paid or declared	**1,228.8**	**326.6**

DIVIDENDS AND DIVIDEND FRANKING

The final dividend of 8 cents per share will be paid on 13 September 2001 (prior year 14 September 2000). The dividend payout ratio of 59.6% (June 2000 75.6%) is calculated by dividing the dividends paid or declared in the year by the consolidated ordinary profit after tax attributable to members of Lend Lease Corporation (excluding extraordinary items).

The final dividend in relation to the previous financial year, paid on 14 September 2000, was franked to 100% with Class C (34%) franking credits. The interim dividend paid on 14 March 2001 (13 cents per share) was an unfranked dividend. The final dividend to be paid on 13 September 2001 will be fully franked with Class C (30%) franking credits.

7. DIVIDENDS AND EARNINGS PER SHARE continued

DIVIDENDS AND DIVIDEND FRANKING continued

The dividend franking account balance at 30 June 2001 of $9.7 million (calculated to reflect the 30% tax rate) (June 2000 $968.0 million based on 34% tax rate) is calculated after adjusting for franking credits which will arise from receipt of accrued income and the payment of income tax provided in the accounts and after deducting franking credits to be used in the payment of the proposed final dividend. The balance of the franking account has been calculated on a basis consistent with the Company's accounting policies.

As per the announcement on 17 August 2000, from the 2001 – 2002 year, Lend Lease Corporation will only pay fully franked dividends. The level of franking credits is dependent upon the level of tax paid in Australia.

	Consolidated	
	June 2001 $m	June 2000 $m
EARNINGS PER SHARE		
Ordinary profit after income tax attributable to members of Lend Lease Corporation Limited.	**151.4**	**432.2**
	Number m	**Number m**
Weighted average shares and share equivalents	**449.7**	**510.0**
	Cents	**Cents**
Earnings per share (cents) [(1)]		
Basic (excluding extraordinary item in June 2000)	**33.7**	**85.0**
Basic (including extraordinary item in June 2000)	**33.7**	**697.5**

(1) An adjustment factor of 1.00361 has been applied to prior year comparatives which is attributable to the bonus element for the prior year relating to the issue of shares at less than market price such as share election plan and ESAP share allocation and the off-market share buyback.

Diluted earnings per share has not been disclosed as there are no options or convertible securities on issue that could cause dilution.

8. CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Cash	345.9	196.3		
Short term deposits	772.7	277.0		
Bank accepted and endorsed bills of exchange		3,010.5		
	1,118.6	**3,483.8**	**-**	**-**

Short term deposits are at variable rates of interest which averaged 6.1% per annum during the year ended 30 June 2001 (June 2000 5.4%) and are invested with parties approved by the Board of Lend Lease Corporation. These parties have acceptable credit ratings determined by recognised rating agencies. Bills of exchange are generally subject to credit risk in the event of default by the acceptor. However, the risk has been mitigated by ensuring the bills have been accepted by approved counterparty banks.

The funding of the off-market share buyback and payment of income taxes arising from the sale of the Financial Services businesses during the year resulted in a significant decrease in bank accepted and endorsed bills of exchange.

9. RECEIVABLES

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CURRENT				
Trade debtors	1,852.0	1,534.6	22.8	0.6
Provision for doubtful debts	(107.0)	(31.2)		
	1,745.0	**1,503.4**	**22.8**	**0.6**
Related party receivables				
Managed property trusts				
Darling Park Trust		4.1		
Other	23.5	31.1		
Controlled entities			2,512.1	746.8
Associated companies				
Lend Lease Retail Partnership	114.5	1.5		
Lend Lease Overgate Partnership	111.4			
Pyrmont Trust (Jacksons Landing)	37.3	34.7		
Mirvac Limited		26.8		
Mirvac Lend Lease Village Consortium		13.4		
IBM Global Services Australia	34.5	37.4	34.5	37.4
Bovis Thames Shanghai Limited (Da Chang)	11.3	6.7		
Lend Lease Global Fund	10.5		10.5	
Other	39.1	31.1		27.7
	382.1	**186.8**	**2,557.1**	**811.9**
Other receivables				
Contract debtors	112.1	45.1		
Proceeds on sale of Vestar Long Beach		44.6		
Proceeds on sale of Vestar Glendale	30.6			
Developers on Housing and Community Investing (HCI) Projects	15.8	20.5		
Proceeds on sale of Darling Park Stages I & II	14.3	64.8		
CapMark CMBS Advances	64.9	18.8		
Other	144.3	107.9	0.6	0.6
	2,509.1	**1,991.9**	**2,580.5**	**813.1**
NON CURRENT				
Loans made to Directors of Lend Lease Corporation or controlled entities in accordance with a scheme approved by shareholders in General Meeting	0.6	0.9		
Other loans	3.3	1.6		
Related party receivables				
Controlled entities			861.4	4,768.8
Associates				
Lend Lease Retail Partnership		78.1		
Pyrmont Trust (Jacksons Landing)	36.0	44.0		
Fox Studios	4.0	4.0		
Less: Provision for doubtful debt	(4.0)			
Lend Lease Overgate Partnership		80.3		
THI plc	40.6			
Less: Provision for doubtful debt	(40.6)			
Other	24.3	14.4		
Other receivables	1.3	25.5	0.6	1.3
	65.5	**248.8**	**862.0**	**4,770.1**
	2,574.6	**2,240.7**	**3,442.5**	**5,583.2**

9. RECEIVABLES continued

CURRENT

Unless otherwise stated, receivables do not carry interest and are not discounted to present values. They are carried at estimated amounts receivable in terms of contractual or other commercial arrangements and are recognised in accordance with the accounting policies as set out in Note 1(j). Receivables are subject to a review of collectability by the Board of the relevant group company. Provisions are made for any doubtful debts.

TRADE DEBTORS

The increase in trade debtors during the financial period to $1,852.0 million at 30 June 2001 is largely due to changes in foreign currency exchange rates.

At balance date, trade debtors by industry segment comprised Bovis Lend Lease 93.0%, Real Estate Investments 5.7% and Others 1.3%. Trade debtors outside Australia amounted to 94.9% of the balance.

The maximum exposure to an individual trade debtor is $64.1 million (3.5% of total trade debtors) and to the five major trade debtors is $147.6 million (8.0% of total trade debtors).

The movement in the provision for doubtful debts to $107.0 million at 30 June 2001 mainly comprised the transfer of Bovis Lend Lease provisions that were previously included in other items on the Statement of Financial Position. The transfer was made in accordance with accounting principles that do not allow the netting of items, as was the previous practice of the acquired Bovis Group. Absent this transfer, the provision for doubtful debts at 30 June 2001 would have been lower than the $31.2 million at 30 June 2000.

RELATED PARTY RECEIVABLES

The Managed property trusts receivables other of ($23.5 million) mainly relates to management and asset development fees in relation to General Property Trust (GPT) and Australian Prime Property Fund (APPF).

The Lend Lease Retail Partnership receivable of $114.5 million mainly relates to work performed on the Solihull Shopping Centre (UK) development that has not been defeased against amounts financed by the GBP150.0 million construction loan (refer Notes 19(a) and 31(x)). The amount is expected to be paid in September 2001.

The receivable from the Lend Lease Overgate Partnership of $111.4 million represents the 90% (June 2000 80%) balance of the amount due from investors under the Development Services Agreement, which is expected to be paid in September 2001, after certain conditions are satisfied (refer Note 31(w)).

The receivable from Pyrmont Trust of $37.3 million (June 2000 $34.7 million) comprises the current portion of the loan and associated interest in relation to the land acquisition and development fees owing to Lend Lease for developing and selling the Jacksons Landing site at Pyrmont.

The receivable from Mirvac Limited of $26.8 million at June 2000 represents a loan in respect of Mirvac's 25% contribution to the 155 Macquarie Street residential development that was repaid on completion of settlements in July 2000.

The Mirvac Lend Lease Village Consortium receivable of $13.4 million at 30 June 2000 relates to construction services on the Olympic Village development, which has been fully paid.

The receivable from IBM Global Services Australia of $34.5 million is a loan due in February 2002.

The receivable from Bovis Thames Shanghai Limited (Da Chang) relates to dividends that are due.

During the year Lend Lease Corporation entered into a GBP55.0 million credit facility with Lend Lease Global Properties, SICAF (Global Fund). At 30 June 2001 the facility was drawn to $10.5 million which was repaid on 1 August 2001.

OTHER RECEIVABLES

The contract debtors receivable of $112.1 million relates to contracts of sale that are unconditionally exchanged at 30 June 2001. These are on Mirvac Lend Lease Village Consortium ($95.3 million), North Lakes ($8.2 million), Twin Waters ($7.6 million) and other ($1.0 million). Amounts owing from contract debtors at 30 June 2000 included exchanged sale contracts on 155 Macquarie Street residential apartments ($33.3 million) which were settled during the period.

Proceeds on the sale of Vestar Long Beach of $44.6 million outstanding as at 30 June 2000 were received during the current year.

Vestar Glendale was sold in June 2001 with the proceeds received in July 2001.

The receivable from the developers on the Housing and Community Investing (HCI) projects relates to short term loans to the developers of tax credit properties in the US, to be repaid by December 2001.

9. RECEIVABLES continued

CURRENT continued

OTHER RECEIVABLES continued

The proceeds on sale of Darling Park Stages I and II represent the discounted value of final tranche of the forward sale due 1 January 2002 (refer Note 31(c)).

CapMark CMBS advances are based on a standard calculation and are required in order to provide liquidity to CMBS bond holders. During the year interest was earned at a weighted average variable rate of 8.2%.

The Other receivables Other of $144.3 million includes UK VAT receivable ($10.5 million), amounts due from recently established real estate funds ($30.3 million), recoverable costs made on behalf of employee share plan ($10.8 million), premium due from a major tenant on practical completion of Solihull ($8.2 million), prepaid taxes ($4.2 million), security deposits ($5.0 million) as well as a number of other smaller items.

NON CURRENT

The loans made to Directors of Lend Lease Corporation or controlled entities are in accordance with a scheme approved by shareholders in the General Meeting. Other loans are loans provided to employees.

The June 2000 receivable from the Lend Lease Retail Partnership has been reclassified to current receivables.

The receivable from Pyrmont Trust of $36.0 million comprises $9.4 million (June 2000 $17.4 million) deferred land payment from the joint venture developing Jacksons Landing and $26.6 million (June 2000 $26.6 million) loan to the joint venture to fund development expenditure. The receivable is repaid progressively each July until 2002.

The receivable from Fox Studios of $4.0 million relates to interest free loans to the partnership of $1.5 million, and the Fox Sports Bar of $2.5 million, which have both been fully provided.

The June 2000 receivable from the Lend Lease Overgate Partnership has been reclassified to current receivables.

The receivable from THI plc relates to a loan that was assumed from Barclays Bank plc (Barclays) during the year. Lend Lease had previously provided a guarantee to Barclays in respect of the loan. The amount has been fully provided.

The related party receivables Other of $24.3 million mainly comprises Maribyrnong Development Loan ($4.1 million), a loan to Paseo Commercial Carlos III ($6.4 million) in relation to the Tres Aguas joint venture development in Madrid, Spain, a loan to the Lend Lease Porto Retail (Arrabida) Joint Venture in Portugal ($4.0 million), and a loan to Catalyst Healthcare ($4.4 million) in relation to Bovis Lend Lease PFI projects.

	Consolidated	
	June 2001 $m	**June 2000 $m**
Non current receivables are due in accordance with the following schedule:		
Between 1 and 2 years	27.8	192.2
Between 2 and 5 years	34.3	26.9
After 5 years	3.4	29.7
	65.5	**248.8**

10. INVENTORIES

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CURRENT				
Property held for resale at cost	221.6	317.6		
Less: provision for diminution in value	(19.3)	(7.9)		
	202.3	**309.7**	**-**	**-**
Construction work in progress	270.9	262.4		
	473.2	**572.1**	**-**	**-**
NON CURRENT				
Property held for resale at cost	826.0	1,097.4		
Less: provision for diminution in value	(10.3)	(20.6)		
	815.7	**1,076.8**	**-**	**-**
Total inventories	**1,288.9**	**1,648.9**	**-**	**-**
PROPERTY HELD FOR RESALE				
Total cost of property held for resale includes:				
Cost of acquisition	173.5	202.4		
Development expenses	292.2	294.8		
Construction expenses	547.3	877.4		
Rates and taxes capitalised	5.8	8.3		
Interest capitalised	28.8	32.1		
Total cost	**1,047.6**	**1,415.0**	**-**	**-**
Less: Provision for diminution in value	(29.6)	(28.5)		
Book value	**1,018.0**	**1,386.5**	**-**	**-**
Book value comprises:				
Income producing	740.8	960.9		
Non income producing	277.2	425.6		
	1,018.0	**1,386.5**	**-**	**-**

Total property held for resale is comprised of:	Note	Cost June 2001 $m	Provision June 2001 $m	Book Value June 2001 $m	Book Value June 2000 $m
Bluewater, Kent	31(r)	618.4		618.4	783.6
Overgate Centre, Dundee	31(w)	133.4	(11.0)	122.4	134.8
Olympic Village/Newington, Sydney	31(h)	106.5		106.5	184.9
Chapelfield, Norwich	31(s)	43.1		43.1	27.3
Darling Park, Stage III, Sydney	31(c)	26.6	(10.3)	16.3	16.3
North Lakes, Brisbane		15.1		15.1	3.7
Jacksons Landing, Sydney	31(f)	14.9		14.9	16.4
Bluewater Valley, Kent		14.1		14.1	
Twin Waters, Queensland		10.0		10.0	14.1
Admiralty Industrial Park, Singapore		17.1	(8.3)	8.8	12.3
Piers Project, San Francisco		8.0		8.0	
Victoria Harbour/Docklands, Melbourne		7.2		7.2	
Aurora Place, Sydney	31(a)				174.3
Other		33.2		33.2	18.8
Total		**1,047.6**	**(29.6)**	**1,018.0**	**1,386.5**

10. INVENTORIES continued

CONSTRUCTION AND DEVELOPMENT IN PROGRESS

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
CURRENT				
Contract costs incurred to date	32,213.2	23,706.6		
Profit recognised to date	1,636.0	1,056.7		
	33,849.2	**24,763.3**	**-**	**-**
Less: Progress billings received and receivable on completed contracts	(34,193.1)	(24,861.4)		
Net construction work in progress	**(343.9)**	**(98.1)**	**-**	**-**
Net construction work in progress comprises:				
Amounts due from customers – inventories	270.9	262.4		
Amounts due to customers – trade creditors (Note 18)	(614.8)	(360.5)		
	(343.9)	**(98.1)**	**-**	**-**
Advances on construction projects in progress included in trade creditors	**123.7**	**20.5**	**-**	**-**
Retentions on construction projects included in progress billings	**280.0**	**277.1**	**-**	**-**

The amounts due from customers – inventories of $270.9 million at 30 June 2001 relates to Bovis Lend Lease and represents costs incurred on projects in excess of that billed to clients.

The amounts due to customers – trade creditors of $614.8 million at 30 June 2001 relates to Bovis Lend Lease and represents billings raised to clients in excess of costs and proportional profits on projects.

11. EQUITY ACCOUNTED INVESTMENTS

NON CURRENT

	Notes	Country Of Origin	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
ASSOCIATES						
LLM Inversiones I.S.A. de C.V. (Mexican Distressed Loans)	31(n)	Mexico	19.7			
Tres Aguas (Paseo Commercial Carlos III), Madrid	31(y)	Spain	18.8	17.7		
Chelverton Properties Limited		UK	15.0	20.7		
Kiwi Property Group	31(g)	NZ	14.7	15.6		
Lend Lease Rosen Real Estate Securities		USA	6.8	7.7		
Morrisons		NZ	3.6	7.9		
Less: Provision for diminution			(2.0)			
Lend Lease Hyperion Capital Advisors, LLC		USA	3.0	3.2		
Lend Lease Porto Retail (Arrabida Shopping Centre)	31(u)	Portugal	3.0	2.0		
Jacobs Lend Lease		Singapore	2.9	0.3		
THI plc		UK				
Tuas View Development		Singapore				
Vestar Glendale, California	31(l)	USA		21.8		
Other			9.1	11.5		
Less: Provision for diminution			(3.4)	(3.4)		
	32		**91.2**	**105.0**	**-**	**-**

11. EQUITY ACCOUNTED INVESTMENTS continued

NON CURRENT continued

	Notes	Country Of Origin	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
JOINT VENTURES						
Fox Studios, Sydney	31(d)	Australia	200.6	120.3		
Less: Provision for diminution			(185.6)	(96.8)		
Infrastructure Partnerships		Australia		20.0		
Whitecliff Properties, Kent	31(z)	UK		23.3		
			15.0	**66.8**	**-**	**-**
Total equity accounted investments			**106.2**	**171.8**	**-**	**-**

12. OTHER INVESTMENTS

	Notes	Country Of Origin	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CURRENT						
Mortgage loans		USA	11.0	152.8		
Tax credit properties		USA	107.9	49.0		
			118.9	**201.8**	**-**	**-**
NON CURRENT						
Shares in other corporations						
Quoted at cost			28.6	141.3		
Unquoted at cost			111.7	90.7	42.8	44.9
Interests in trusts and partnerships						
Unquoted at cost			799.4	534.4	9.3	9.3
Shares in controlled entities					947.4	1,010.1
			939.7	**766.4**	**999.5**	**1,064.3**
			1,058.6	**968.2**	**999.5**	**1,064.3**

Total other investments non current comprise:

	Notes	Country Of Origin	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
SHARES IN OTHER CORPORATIONS						
Quoted at Cost						
coolsavings.com (1)	31(j)	USA	53.9	47.0		
Less: Provision for diminution			(47.6)			
Westpac Banking Corporation		Australia	22.3	93.1		
Other				1.2		
			28.6	**141.3**	**-**	**-**

(1) Variation from prior financial year mainly represents exchange rate movement.

12. OTHER INVESTMENTS continued

	Notes	Country Of Origin	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
SHARES IN OTHER CORPORATIONS continued						
Unquoted at Cost						
IBM Global Services Australia Limited	31(e)	Australia	42.8	42.8	42.8	42.8
Infrastructure Investment Corporation		Australia		2.1		2.1
Chastain Capital Corporation	31(i)	USA		13.3		
Less: Provision for diminution				(13.0)		
Thai Market Project [(1)]		Thailand	11.8	12.3		
Less: Provision for diminution			(10.8)	(11.3)		
Lend Lease Global Property Fund, SICAF	31(t)	Luxem	39.4	16.2		
Li Fung Distribution Centre [(1)]		China	7.4	6.4		
Less: Provision for diminution			(7.4)	(6.4)		
Bovis Thames Shanghai Limited (Da Chang)		China	23.8	20.6		
Less: Accumulated amortisation			(4.2)	(2.6)		
Bradford Regeneration Limited		UK	5.0	6.5		
Other			8.5	3.8		
Less: Provision for diminution			(4.6)			
			111.7	**90.7**	**42.8**	**44.9**
INTERESTS IN TRUSTS AND PARTNERSHIPS						
Unquoted at Cost						
Lend Lease Asia Water Trust		Australia	9.3	9.3	9.3	9.3
Asia Pacific Investment Company [(1)]	31(p)	Singapore	96.2	83.4		
Less: Provision for diminution				(1.2)		
Cempaka, Jakarta		Indonesia		19.8		
Less: Provision for diminution				(18.8)		
Lend Lease Retail Partnership [(1)]	31(v)	UK	42.0	39.1		
Clacton Factory Outlet Centre [(1)]		UK	7.0	5.4		
Less: Provision for diminution			(7.0)	(5.4)		
Australian Prime Property Fund	31(b)	Australia	48.2	48.0		
CMBS Bonds		USA	9.6			
Real Estate Debt Fund Co-investments		USA	7.1	4.3		
Debt Management Fund Portfolios		USA	22.3	13.2		
King of Prussia Associates [(1)]	31(o)	USA	242.7	204.1		
Mezzanine Debt Co-investment		USA	3.8	1.0		
Tax Credit Funds Co-investments		USA	12.4	9.3		
Value Enhancement Fund III [(1)]	31(k)	USA	32.9	26.7		
Value Enhancement Fund IV	31(k)	USA	40.4	5.6		
Value Enhancement Fund V	31(k)	USA	13.0			
Yarmouth Capital Partners Limited Partnership II	31(m)	USA	103.9	70.2		
Lend Lease Real Estate Securities Fund		USA	22.4	1.8		
Lend Lease European Mutual Fund		UK	19.5			
Less: Provision for diminution			(0.9)			
Lend Lease International Distressed Debt Fund	31(q)	USA	52.6			
Multi-family Fund Co-investments		USA	16.5	11.9		
Other			5.5	8.1		
Less: Provision for diminution				(1.4)		
			799.4	**534.4**	**9.3**	**9.3**
SHARES IN CONTROLLED ENTITIES			**-**	**-**	**947.4**	**1,010.1**
Total other investments non current			**939.7**	**766.4**	**999.5**	**1,064.3**

(1) Variation from prior financial year mainly represents exchange rate movement.

12. OTHER INVESTMENTS continued

WESTPAC BANKING CORPORATION (WESTPAC)

Lend Lease's interest in Westpac at 30 June 2001 was 6 million ordinary shares subject to a share lending arrangement at Directors' valuation based on cost of $22.3 million.

In December 1998, Lend Lease effected share lending and hedging arrangements (the Arrangements) with Merrill Lynch relating to 40 million shares. The Arrangements effectively locked in the price of $10.05 per share at which Lend Lease may realise the value of the investment, while retaining flexibility regarding the timing of the ultimate disposal. The Arrangements, which run for slightly less than a year, may be extended or unwound in part or in full. The Arrangements involved Lend Lease lending the shares to Merrill Lynch. In return Merrill Lynch provided $402.2 million in cash to Lend Lease as security over the shares. This amount has been recorded as a liability in the Statements of Financial Position until such time as either Lend Lease ends the Arrangements (in which case liability is extinguished) or Lend Lease ceases lending the shares to Merrill Lynch. If the Arrangements are ended, Lend Lease would pay or receive an amount equivalent to the difference between the $10.05 per share hedged price and the market price at that time. Lend Lease will report a profit on these Arrangements only in the event that a portion or all of the Arrangements are ended.

To date, 34 million shares have been unwound from the Arrangements, (including 19 million shares that were unwound during the year, which brought to account $192.2 million as proceeds on sale of investment realising an after tax profit of $82.6 million). The Arrangements continue over the remaining 6 million Westpac shares effectively locking in an unrealised profit after tax of $27.8 million.

As the shares are effectively lent to Merrill Lynch, Lend Lease will not be entitled to the dividends on the remaining 6 million shares whilst the Arrangements are in place. The average price locked in on the remaining 6 million shares is $10.31 per share, which reflects the initial hedge being effected over a period of time at various prices. The Lend Lease interest in the 6 million shares represents 0.3% of fully paid ordinary shares in Westpac.

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Land at directors' valuation [(1)]	**9.6**	**9.6**	**-**	**-**
Buildings and leasehold improvements at cost [(1)]	61.9	37.9		
Accumulated depreciation	(20.9)	(7.2)		
	41.0	**30.7**	**-**	**-**
Plant and equipment at cost [(2)]	225.5	205.7	20.1	20.0
Accumulated depreciation	(131.2)	(123.5)	(12.2)	(11.2)
	94.3	**82.2**	**7.9**	**8.8**
Leased plant and equipment at cost	7.5	13.4		
Accumulated amortisation	(5.0)	(5.8)		
	2.5	**7.6**	**-**	**-**
	147.4	**130.1**	**7.9**	**8.8**

(1) The Directors' valuation of land and independent valuation of buildings and leasehold improvements was carried out at 30 June 2001 on the basis of open market values for existing use.

(2) The increase in plant and equipment includes the impact of changes in foreign currency exchange rates ($8.2 million).

13. PROPERTY, PLANT AND EQUIPMENT continued

RECONCILIATIONS

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Freehold Land				
Carrying amount at beginning of year	9.6	9.6		
Carrying amount at end of year	**9.6**	**9.6**	**-**	**-**
Buildings and Leasehold Improvements				
Carrying amount at beginning of year	30.7	24.7		
Additions	19.1	20.3		
Disposals	(0.6)			
Acquisition through entity acquired		24.7		
Depreciation	(12.7)	(3.9)		
Disposal of entity		(35.9)		
Effect of exchange rate movements	4.5	0.8		
Carrying amount at end of year	**41.0**	**30.7**	**-**	**-**
Plant and Equipment				
Carrying amount at beginning of year	82.2	34.1	8.8	9.1
Additions	30.2	30.7	0.6	1.2
Disposals	(6.0)	(0.3)	(0.2)	
Acquisition through entity acquired		51.3		
Depreciation	(20.3)	(21.2)	(1.3)	(1.5)
Disposal of entity		(13.2)		
Effect of exchange rate movements	8.2	0.8		
Carrying amount at end of year	**94.3**	**82.2**	**7.9**	**8.8**
Leased Plant and Equipment				
Carrying amount at beginning of year	7.6	10.2		
Additions	0.8	1.7		
Disposal	(2.9)			
Amortisation	(3.0)	(4.3)		
Carrying amount at end of year	**2.5**	**7.6**	**-**	**-**
Total carrying amount	**147.4**	**130.1**	**7.9**	**8.8**

14. GOODWILL

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Goodwill at cost	1,237.5	1,069.6		
Accumulated amortisation	(115.0)	(43.5)		
	1,122.5	**1,026.1**	**-**	**-**

14. GOODWILL continued

Goodwill comprises:

	Consolidated June 2001 Cost $m	June 2001 Accumulated Amortisation $m	June 2001 Net $m	June 2000 Cost $m	June 2000 Accumulated Amortisation $m	June 2000 Net $m
ERE/Yarmouth	60.0	(12.8)	47.2	52.0	(8.3)	43.7
Rosen Consulting Group	29.2	(3.5)	25.7	25.3	(1.7)	23.6
Bovis Lend Lease Group	851.6	(69.9)	781.7	738.6	(26.2)	712.4
Boston Financial Group	37.0	(3.2)	33.8	32.1	(1.0)	31.1
Lend Lease Debt Businesses	249.1	(19.4)	229.7	211.7	(2.4)	209.3
Larry Smith	10.6	(6.2)	4.4	9.9	(3.9)	6.0
	1,237.5	**(115.0)**	**1,122.5**	**1,069.6**	**(43.5)**	**1,026.1**

The movement in cost is due to additions of $50.9 million and foreign currency translation movements of $117.0 million. The movement in accumulated amortisation of $71.5 million comprises amortisation expense of $65.5 million and foreign currency translation movements of $6.0 million.

15. MANAGEMENT AGREEMENTS

	Consolidated At Cost June 2001 $m	Consolidated At Cost June 2000 $m	Unrecorded Valuation June 2001 $m	Unrecorded Valuation June 2000 $m
REAL ESTATE INVESTMENTS				
Lend Lease Real Estate Investments – US (LL REI US)	964.3	838.7	1,330.4	1,176.7
Accumulated amortisation	(40.6)	(19.3)		
General Property Trust (GPT)	42.7	42.7	247.0	213.0
Accumulated amortisation	(2.6)	(1.8)		
Australian Prime Property Fund (APPF)			48.2	48.0
	963.8	**860.3**	**1,625.6**	**1,437.7**

Movement in management agreements for LL REI US comprises:	Consolidated June 2001 Valuation $m	Cost $m	Accumulated Amortisation $m
Balance 30 June 2000	1,176.7	838.7	19.3
Valuation decrease	(27.3)		
Amortisation expense in financial year			18.9
Effect of exchange rate movement from June 2000 to June 2001	181.0	125.6	2.4
Balance at 30 June 2001	**1,330.4**	**964.3**	**40.6**

Valuations are performed by appropriately qualified independent valuers. The valuers adopt a valuation methodology they consider appropriate for valuing the particular management agreement. Encompassed in this methodology is the discount rate. Generally all valuers use the Capital Asset Pricing Model, with rates varying due to the valuers' views as to levels of risk associated with the cash flow of particular management agreements, and the relative market/sector risk. Management agreements are amortised over their useful life which is assessed to be on average 50 years.

15. MANAGEMENT AGREEMENTS continued

LEND LEASE REAL ESTATE INVESTMENTS – US (LL REI US)

Property asset management agreements between LL REI US (including those acquired with Boston Financial Group, LLP and the five debt businesses from AMRESCO Inc.) and its clients were valued by PricewaterhouseCoopers, LLP, Atlanta as at 30 June 2001 at $1,330.4 million (USD691.8 million), (June 2000 $1,176.7 million (USD706.0 million)). The basis of the valuation was the net present value of estimated future earnings from these agreements at a discount rate of 10.5% (June 2000 11.0%). The main factors resulting in the valuation decrease of the management agreements were reductions in revenues from contracts, partially offset by a reduction in the discount rate used.

GENERAL PROPERTY TRUST (GPT)

A management agreement between Lend Lease and GPT pursuant to the Trust Deed was valued by Mark Reading BCom; MBA; ACA; ASIA of PricewaterhouseCoopers Securities Limited at 30 June 2001 at $247.0 million (June 2000 $213.0 million). The valuation was dated 30 June 2001 and the basis of the valuation was the net present value of estimated future earnings from the management agreement at a discount rate of 9.65% (June 2000 9.65%). The key factor relating to the increase in valuation between 2000 and 2001 was increased funds under management of $400.0 million.

AUSTRALIAN PRIME PROPERTY FUND (APPF)

The management agreement between Lend Lease and the unlisted APPF pursuant to the Trust Deed is disclosed in the financial statements at Directors' valuation of $48.2 million (June 2000 $48.0 million). The Directors' valuation is supported by an independent valuation by Mark Reading BCom; MBA; ACA; ASIA of PricewaterhouseCoopers Securities Limited at 30 June 2001.

16. OTHER INTANGIBLES

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Bovis Lend Lease Microelectronics	4.2	11.9		
Accumulated amortisation	(2.1)	(4.3)		
Other	0.5			
	2.6	**7.6**	**-**	**-**

The Bovis Lend Lease Microelectronics intangible asset at 30 June 2001 was comprised of a patent $4.2 million (June 2000 $3.7 million) which is being amortised over 3 years. The June 2000 comparative also included a semiconductor contract which was terminated and written off during the year.

17. OTHER ASSETS

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CURRENT				
Prepayments	58.3	16.4		0.2
	58.3	**16.4**	**-**	**0.2**
NON CURRENT				
Prepayments	31.6	21.7		
IT systems	72.1	26.5		
Mortgage servicing rights	35.0	1.0		
Other	10.8	7.7		
	149.5	**56.9**	**-**	**-**
	207.8	**73.3**	**-**	**0.2**

Current and non current prepayments include deferred foreign exchange losses of $32.2 million on foreign exchange contracts that are hedging the profits of the US, European and Asian operations in future periods (refer Note 30(a)).

17. OTHER ASSETS continued

The IT systems relate to systems acquired and/or developed that will provide ongoing benefits to the Group. The $72.1 million at June 2001 relates to the Enterprise System in the REI US business. Amortisation of the Enterprise Project will be over a 5 year period from July 2001.

The mortgage servicing rights relate to the origination and acquisition of servicing rights for mortgage loan portfolios, which are amortised over the life of the rights (on average 10 years) against the fee income generated by the rights. The increase at June 2001 mainly related to the acquisition of a major CMBS contract in August 2000 for $20.6 million.

18. CREDITORS

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
CURRENT				
Trade creditors	2,024.4	1,932.6	4.6	58.4
Revenue in excess of costs and profits recognised on incomplete contracts (Note 10)	614.8	360.5		
Other creditors	71.8	84.7	5.3	
Related party payables				
Controlled entities			314.9	21.8
Mirvac Lend Lease Village Consortium (MLLVC)	8.8	12.4		
Other	12.7	11.3		
	2,732.5	**2,401.5**	**324.8**	**80.2**
NON CURRENT				
Related party payables				
Controlled entities			1,000.1	1,293.5
	-	**-**	**1,000.1**	**1,293.5**
	2,732.5	**2,401.5**	**1,324.9**	**1,373.7**

Trade creditors are all due and payable within 12 months.

The MLLVC payable comprises construction and development costs on the Olympic Village/Newington, Sydney project.

19. BORROWINGS AND FINANCING ARRANGEMENTS

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
(a) BORROWINGS				
CURRENT				
Unsecured bank loans	13.7	23.1		
Secured bank loans	86.3	105.6		
	100.0	**128.7**	**-**	**-**
NON CURRENT				
Commercial notes	980.8	916.8		
Total borrowings	**1,080.8**	**1,045.5**	**-**	**-**
(b) FINANCE FACILITIES				
Lend Lease operating businesses have access to the following lines of credit:				
TOTAL FACILITIES AVAILABLE				
Bank overdrafts	46.0	68.3	10.0	10.0
Standby cash advance facilities	250.0	300.0	250.0	300.0
Bank credit facilities	2,304.6	2,528.6		
Commercial notes	2,480.8	2,416.8		
	5,081.4	**5,313.7**	**260.0**	**310.0**

19. BORROWINGS AND FINANCING ARRANGEMENTS continued

(b) FINANCE FACILITIES continued

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
FACILITIES UTILISED AT BALANCE DATE				
Bank overdrafts				
Standby cash advance facilities				
Bank credit facilities	100.0	128.7		
Commercial notes	980.8	916.8		
	1,080.8	**1,045.5**	**-**	**-**
FACILITIES NOT UTILISED AT BALANCE DATE				
Bank overdrafts	46.0	68.3	10.0	10.0
Standby cash advance facilities	250.0	300.0	250.0	300.0
Bank credit facilities	2,204.6	2,399.9		
Commercial notes	1,500.0	1,500.0		
	4,000.6	**4,268.2**	**260.0**	**310.0**

BANK CREDIT FACILITIES

The amounts drawn from the various facilities at 30 June 2001 were:

	Consolidated June 2001 $m	Consolidated June 2000 $m
Unsecured Bank Loans		
USD300.0 million syndicated facility at LIBOR plus 0.25%, due September 2001 (1)		
USD100.0 million bank facility at LIBOR plus 0.25%, due December 2001 (2)		23.1
GBP30.0 million bank facility at LIBOR plus 0.25%, due March 2002 (3)		
GBP200.0 million bank facility at LIBOR plus 0.25%, due November 2001 (4)	13.7	
Secured Bank Loans		
A$80.0 million secured construction facility for Olympic Village at BBSW plus 0.30%, due June 2002 (5)	69.0	83.1
USD9.0 million secured term facility at LIBOR plus 2.25%, due October 2001 (6)	17.3	15.0
USD29.0 million non-recourse secured loan at LIBOR plus 4.00%, due November 2003		7.5
USD300.0 million secured mortgage servicing facility at LIBOR plus 0.75%, due February 2002 (7)		
GBP64.0 million secured facility for development projects, due June 2004 (8)		
Total bank credit facilities	**100.0**	**128.7**
Commercial Notes		
A$500.0 million Lend Lease commercial paper (9)		
USD250.0 million Lend Lease 6.75% guaranteed notes, due June 2005 (10)	480.8	416.8
A$1,500.0 million Lend Lease guaranteed note (11)	500.0	500.0
Total commercial notes	**980.8**	**916.8**
Total borrowings	**1,080.8**	**1,045.5**

(1) This facility with a syndicate of banks was established for general working capital purposes.

(2) This bank overdraft facility was increased from USD60.0 million to USD100.0 million during December 2000 and is used to finance working capital requirements for the US operations.

(3) A short term money market facility was established in March 2000 for general working capital purposes in the European business. The facility was renewed in March 2001. The facility can act as an overdraft, short term money market loan or a guarantee facility.

19. BORROWINGS AND FINANCING ARRANGEMENTS continued

(b) FINANCE FACILITIES continued

BANK CREDIT FACILITIES continued

(4) This facility with a syndicate of banks was established for general working capital purposes. The facility is a multi-borrower in that a Lend Lease subsidiary in either the United Kingdom or the United States can draw under the facility. The facility was decreased in November 2000 from GBP300.0 million to GBP200.0 million.

(5) Lend Lease has a 50% interest in MVIC Finance 2 Pty Limited (MVIC) which has a $80.0 million credit facility (secured under the assets of MVIC) for construction and development of the Olympic Village/Newington (Note 31(h)). This facility was renewed on 28 June 2001 and is now due to expire on 30 June 2002.

(6) This loan is secured against a property acquired in the purchase of the Boston Financial Group in November 1999. The facility expires in October 2001.

(7) This facility is utilised by Lend Lease Mortgage Capital, one of the former AMRESCO businesses acquired in March 2000. The facility is used for the Federal National Mortgage Association (FNMA or Fannie Mae) and the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) mortgage originations and are secured by the loans and/or CMBS issues. These obligations are generally settled within 30 – 45 days of origination. The facility was renewed in February 2001 and now expires in February 2002.

(8) At June 2000 there was a GBP250.0 million facility in place for funding European development projects. Following 30 June 2000 this facility was reduced to GBP150.0 million (A$411.0 million). A total of GBP86.0 million (A$235.6 million) has been utilised for the Touchwood, Solihull project. The Touchwood project is pre-sold and structured such that loan amounts drawn for Touchwood are defeased against the receivable. Refer Note 31(x) for further details. The remainder of this facility may be used to fund other developments which comply with the terms of the facility. The facility is due to expire in June 2004.

(9) Lend Lease has a $500.0 million Australian commercial paper program. The amount drawn under the facility at 30 June 2001 was nil.

(10) On 30 June 1998 Lend Lease issued s144A USD250.0 million of bonds with a coupon of 6.75% pa, due to mature on 30 June 2005.

(11) During November 1999 Lend Lease established a $1.5 billion Multi-Issuer Debt Program. The program will allow Lend Lease subsidiaries in the United States, United Kingdom and Australia to issue debt into the Australian capital market under the guarantee of Lend Lease Corporation. The purpose of the program is to expand Lend Lease's global funding capacity. Lend Lease (US) Finance Inc. has made one issue under the program for $500.0 million which is due July 2005 bearing a coupon of 7.5%. This issue has been swapped into USD.

The following schedule profiles the 30 June 2001 borrowings by currency and interest exposure after interest rate swaps and currency swaps have been taken into consideration.

	Interest Exposure (1)		Currency (2)		
	Fixed A$m	Floating A$m	A$ A$m	USD A$m	GBP A$m
Reset within 1 year		100.0	69.0	17.3	13.7
Between 1 and 5 years	875.7	105.1		980.8	
Total	**875.7**	**205.1**	**69.0**	**998.1**	**13.7**

(1) Resulting interest rate exposure after interest rate swaps.
(2) Resulting borrowings by currency including currency swaps.

COMMERCIAL NOTES

Commercial notes are available under the commercial paper and guaranteed note program. Availability is subject to market conditions.

(c) FINANCING GUARANTEES

Lend Lease is guarantor of a bank loan facility for GBP5.0 million (A$13.7 million) for Chelverton Properties Limited and a USD18.5 million (A$35.6 million) facility for Chelverton Properties International NV. Lend Lease is also guarantor of a GBP3.4 million (A$9.3 million) loan facility for Lend Lease THI Clacton Partnership.

Lend Lease is guarantor for PTE3.375 billion (A$28.6 million) of a bank loan facility to Lend Lease Porto Retail SGPS for PTE6.75 billion (A$57.2 million) for the acquisition of the Capital Plus Project in Porto, Portugal.

Lend Lease is guarantor for a bank loan facility for USD3.5 million (A$6.7 million) for Cordia Senior Living of Westmount II, LLC.

Lend Lease Corporation has given guarantees of $994.5 million (June 2000 $939.9 million) in support of financing facilities included within the on-balance sheet borrowings disclosed above, which are held by various controlled entities. These guarantees are issued in respect of entities internal to Lend Lease and do not constitute an additional obligation to that already existing from on-balance sheet borrowings.

20. PROVISIONS

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CURRENT				
Dividends (Note 7)	34.5	163.9	34.5	163.9
Employee benefits	70.9	66.7	0.1	
Construction risks	131.9	104.6		
Restructuring	58.2	56.6		
Other	113.7	112.3	89.3	15.8
	409.2	**504.1**	**123.9**	**179.7**
NON CURRENT				
Employee benefits	44.8	37.4	0.1	
Other	47.5	30.1		8.4
	92.3	**67.5**	**0.1**	**8.4**
	501.5	**571.6**	**124.0**	**188.1**

The construction risks provision of $131.9 million comprises a maintenance and warranty provision of $90.5 million to cover specific or potential claims that normally arise due to defects or legal disputes in relation to recently completed project management projects. Other construction risks provisions of $41.4 million includes provisions raised for risks identified on projects that existed at the date of the Bovis Group acquisition.

The restructuring position of $58.2 million comprises provisions in relation to the acquisition of the real estate investment businesses in the previous year ($14.5 million), in relation to the separation of MLC from the Lend Lease Group ($6.9 million) and the restructure provision created during the year for the REI US business ($36.8 million).

Other provisions (current and non current) totalling $161.2 million are comprised of a number of provisions including provisions in respect of the Fannie Mae mortgage origination business ($36.7 million) and provisions in respect of investments and inventories ($100.2 million). The balance in other provisions ($24.3 million) relates to specific items not otherwise provided for in these financial statements.

21. OTHER INTEREST BEARING LIABILITIES

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
CURRENT				
Deferred settlement on acquisition				
Development properties	10.0	10.0		
Bluewater lease liability	20.0	19.4		
Finance lease liability	1.7	4.5		
Other	0.3	0.3		
	32.0	**34.2**	**-**	**-**
NON CURRENT				
Deferred settlement on acquisition				
Development properties	9.3	18.0		
Bluewater lease liability	303.5	303.3		
Finance lease liability	0.6	3.1		
Other	1.7	2.2		
	315.1	**326.6**	**-**	**-**
	347.1	**360.8**	**-**	**-**

21. OTHER INTEREST BEARING LIABILITIES continued

Current and non current deferred settlement on acquisition of development properties relates to the deferred land payments for Jacksons Landing, Sydney ($19.3 million). The Jacksons Landing liability comprises the principal amount of $12.7 million and interest of $6.6 million at the rate of 10.5% per annum, repayable in instalments over 5 years ending in July 2002 to CSR Limited.

The Bluewater lease liability relates to the total Bluewater head lease payments which have been capitalised into the Bluewater development costs.

Other items included in other interest bearing liabilities are shown at face value.

22. OTHER NON INTEREST BEARING LIABILITIES

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
CURRENT				
Deferred settlement on acquisition				
Development properties		24.6		
Controlled entities	118.4	77.9		
Fox Studios	80.0			
Net forward foreign exchange contracts	48.5			
Other	12.1	7.6		
	259.0	**110.1**	**-**	**-**
NON CURRENT				
Deferred settlement on acquisition				
Development properties		38.5		
Controlled entities	35.8	69.3		
Westpac share lending collateral	61.9	254.1		
Forward foreign exchange contracts	108.7			
Other	1.9	8.6		
	208.3	**370.5**	**-**	**-**
	467.3	**480.6**	**-**	**-**

The reduction in the current deferred settlement on acquisition of development properties relates to the final land payment made during the year for Overgate, Dundee. The reduction in the non current item relates to the earlier settlement of the final land payment during the period for Bluewater as part of the sale of the Whitecliff Properties (refer to Notes 31(r) and 31(z)). The current and non current deferred settlement on acquisition of controlled entities of $154.2 million mainly relates to deferred purchase payments for the five AMRESCO businesses ($95.6 million) and Boston Financial Group ($44.9 million). The deferred settlement components for these acquisitions have been recorded at their full value, although part of these amounts are contingent on certain outcomes.

The current liability for Fox Studios of $80.0 million relates to Lend Lease's 50% share of two financing facilities within the Fox Studios joint venture. The first facility relates to the NAB $150.0 million loan (Lend Lease share $75.0 million) to the joint venture which funded part of the construction of Fox Studios. This has been recorded as a liability as the diminution in value of Fox Studios has resulted in the loan covenants breached and Lend Lease has repaid its share of the loan in July 2001. The second facility relates to a fully drawn $10.0 million working capital loan (Lend Lease share $5.0 million) to the joint venture to fund short term operating cash requirements. This has been recorded as a liability on the same basis as the NAB loan (refer to Note 31(d)).

Forward foreign exchange contracts are valued at rates of exchange at balance date. Forward foreign exchange contracts are taken out in relation to hedging of the Group's net foreign exchange exposure. The change in the balance of the outstanding forward foreign exchange is due to adverse movements in foreign currencies. The non current amount of $108.7 million mainly represents the restated foreign exchange liabilities on the hedging of the $500.0 million medium term note due in July 2005.

The amount for Westpac share lending and hedging arrangements (refer Note 12) relates to an obligation to Merrill Lynch as borrowing party arising from the transaction. The amount is equal to the cash collateral received by Lend Lease less a proportion recognised as proceeds on sale of investment for the 34 million Westpac shares unwound from the hedging arrangements to 30 June 2001.

Other items included in other non interest bearing liabilities are shown at face value and interest is not payable.

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
23. CONTRIBUTED EQUITY	**765.8**	**1,342.1**	**765.8**	**1,342.1**

	2001		2000	
	No. of shares m	$m	No. of shares m	$m
Ordinary shares issued at 30 June 2000	512.2	1,342.1	504.2	1,262.0
Issues and buybacks during the financial period:				
Issues for:				
Dividend reinvestment plan	2.1	38.5	3.6	70.4
Share purchase plan	0.2	2.5	1.0	20.8
Share election plan (SEP) [(1)]	0.4		1.6	
Share buybacks	(88.3)	(618.7)	(0.7)	(12.4)
Allocation to Lend Lease Employee Share Plans	2.6	1.4	2.5	1.3
Allocation to The Hornery Institute [(2)]	0.4			
Ordinary shares issued at 30 June 2001	**429.6**	**765.8**	**512.2**	**1,342.1**

(1) The shares issued under the SEP represent dividends foregone by SEP participants. These shares are issued directly from share capital with the number of shares issued based upon the share price at the date that the dividend payments were foregone.

(2) At the November 2000 Annual General Meeting (AGM), an allotment of shares was made to the Hornery Institute. A total of 440,528 shares were allotted to the Hornery Institute on 23 February at a price of $22.70, representing the market price on the day of the AGM.

On 2 October 2000, following approval at an extraordinary general meeting of shareholders on 18 August 2000, Lend Lease Corporation completed an off-market share buyback at a price of $19.88 per share, which included two components: contributed equity of $7.00 and a fully franked dividend of $12.88. The Company bought back 88.3 million shares for a total cost of $1,757.2 million, including the expenses of the buyback ($2.3 million), of which $618.7 million was funded from contributed equity and $1,138.5 million from retained profits.

The buyback was over-subscribed. Total acceptances under the buyback amounted to 203.4 million shares (39.7% of the issued Lend Lease shares at that time). A scale-back of acceptances was required. In accordance with the offer, all participating shareholders had the first 200 shares of their acceptance bought back. Acceptances in excess of this number were scaled back on a pro-rata basis so that only 42.5% of the excess over 200 was bought back. Proceeds for the buyback were distributed to participating shareholders on 10 October 2000.

As approved by shareholders, effective from 31 October 1996 the Company implemented a Share Accumulation Plan, one component of which was a share buyback program whereby the Company bought back the number of shares equal to the number of new shares issued under the Dividend Reinvestment Plan (DRP), Share Purchase Plan (SPP) and Share Election Plan (SEP). There were no on-market buybacks undertaken during the period. The SEP has been suspended.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. Ordinary shareholders rank after all creditors in repayment of capital.

24. RESERVES

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
CAPITAL RESERVE	**104.6**	**104.6**	**104.6**	**104.6**
ASSET REVALUATION RESERVE				
Opening balance		1,053.7		1,012.0
Reversal on consolidation of Statutory Funds under AASB 1038 (Refer Note 1(w))		(1,053.7)		
Transfer to retained profits on sale of Financial Services business (Refer Note 25)				(1,012.0)
	-	-	-	-
FOREIGN CURRENCY TRANSLATION RESERVE				
Opening balance	12.5	4.2		
Currency fluctuation attributable to translation and hedging of self-sustaining foreign operations	(4.7)	8.3		
	7.8	**12.5**	**-**	**-**
Total reserves	**112.4**	**117.1**	**104.6**	**104.6**

NATURE AND PURPOSE OF RESERVES

Capital Reserve
The capital reserve comprises realised capital profits on the disposal of assets which did not attract Capital Gains Tax.

Asset Revaluation
The asset revaluation reserve included the net revaluation increments and decrements arising from the revaluation of non current assets in accordance with AASB 1041. The reserve in the previous year was in relation to Lend Lease's investment in MLC and was reversed on the sale of the Financial Services businesses on 30 June 2000.

Foreign Currency Reserve
The foreign currency translation reserve records the foreign currency differences net of income tax arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy Note 1(s).

25. RETAINED PROFITS

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Retained profits at beginning of financial period	3,819.9	1,027.6	3,149.7	247.7
Net profit attributable to Lend Lease Corporation Limited	151.4	3,544.5	217.5	2,185.2
Adjustment resulting from change in accounting policy for investments in associates and joint ventures		(1.0)		
Adjustment to retained profits at the beginning of the financial period on initial adoption of AASB 1038 - Life Insurance Business		(456.0)		
Dividend foregone pursuant to share election plan	7.4	31.4	7.4	31.4
Transfer from asset revaluation reserve on sale of Financial Services business				1,012.0
	3,978.7	**4,146.5**	**3,374.6**	**3,476.3**
Dividends paid or declared (refer Note 7)	(1,228.8)	(326.6)	(1,228.8)	(326.6)
Retained profits at the end of financial period	**2,749.9**	**3,819.9**	**2,145.8**	**3,149.7**

Dividends paid or declared in the year ended 30 June 2001 included $1,138.5 million in relation to the share buyback completed in October 2000 (refer Note 23).

26. OUTSIDE EQUITY INTERESTS

	Consolidated June 2001 $m	Consolidated June 2000 $m
Outside equity interests in controlled entities comprise:		
LLD Precinct 2 Pty Limited (Olympic Village/Newington, Sydney)	28.5	22.0
Lend Lease Apartment Management (25%)	6.2	4.4
Lend Lease Asset Management (Mexico)	4.9	
Other	(0.3)	1.1
	39.3	**27.5**
Represented by:		
Interest in retained profits at the end of the financial year	10.0	3.1
Interest in share capital	29.3	24.4
Total outside equity interest	**39.3**	**27.5**

At 30 June 2001 the LLD Precinct 2 Pty Limited outside equity interest of $28.5 million related to Mirvac Limited's 33% interest in the Olympic Village precinct of the Olympic Village/Newington project.

27. CONTINGENT LIABILITIES

	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Various	**20.0**	**20.0**	**-**	**-**

In addition, Lend Lease has the following contingent liabilities:

Lend Lease assumed a contingent capital commitment as part of the Equitable Real Estate acquisition, whereby a put option has been granted to the other 50% owners of Lend Lease Rosen Real Estate Securities, LLC (LL Rosen). Under the option the remaining 50% interest in ERE Rosen can be put to Lend Lease should the assets under management of LL Rosen exceed USD670.0 million (A$1,288.5 million). The exercise price of the put option is USD10.0 million (A$19.2 million), increasing by USD1.0 million (A$1.9 million) each successive year for five years at which time Lend Lease has a call option on the remaining 50% interest at USD15.0 million (A$28.9 million) plus 90% of LL Rosen valuation in excess of USD15.0 million (A$28.9 million). At 30 June 2001 assets under management were USD1,495.0 million (A$2,875.0 million), and the put option had not been exercised. The put option expires in April 2002.

Lend Lease has provided warranties to National Australia Bank (NAB) in connection with the sale of Lend Lease's Financial Services businesses to NAB. The warranties are specifically detailed in the Sale Agreement and are in line with those generally required for a business sale including warranties as to ownership, authority, compliance with relevant laws, disclosure of material issues and accuracy and completeness of information provided. Warranties have also been given in relation to payment of taxes and compliance with taxation laws. The warranties (except for the taxation warranties) are subject to information formally disclosed to NAB in a disclosure letter. Claims under warranty breaches must be notified before 30 June 2002 to be valid (30 June 2005 for taxation warranties).

Contingencies and claims (other than items included above and in Notes 28 and 31), indeterminable in amount, exist in the ordinary course of business. The Directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any known or anticipated losses.

The Company provides guarantees on bank facilities of certain controlled entities.

28. COMMITMENTS

	Note	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
(a) OPERATING LEASES					
Estimated aggregate amount of operating lease expenditure agreed or contracted but not provided for in the financial statements:					
Land and buildings					
Self occupied		275.0	218.2	39.7	51.7
Plant and equipment		113.1	74.3		
		388.1	**292.5**	**39.7**	**51.7**
Due within 1 year		106.5	89.9	14.8	13.5
Due between 1 and 5 years		223.4	164.8	24.8	37.1
Due later than 5 years		58.2	37.8	0.1	1.1
		388.1	**292.5**	**39.7**	**51.7**
(b) CAPITAL EXPENDITURE					
At balance date the aggregate amount of capital expenditure contracted but not provided for in the financial statements:					
Due within 1 year		**4.3**	**4.4**	**-**	**-**
(c) CONTROLLED ENTITIES					
At balance date the aggregate amount of expenditure contracted but not provided for in the financial statements:					
Due within 1 year (for Delfin Limited)		**171.8**	**-**	**-**	**-**
(d) FINANCE LEASE COMMITMENTS					
At balance date the aggregate amount of finance leases contracted:					
Due within 1 year		1.9	4.8		
Due between 1 and 5 years		0.6	3.2		
		2.5	**8.0**	**-**	**-**
Less: future lease finance charges		(0.2)	(0.4)		
		2.3	**7.6**	**-**	**-**
Lease liabilities provided for in the financial statements:					
Current	21	1.7	4.5		
Non Current	21	0.6	3.1		
		2.3	**7.6**	**-**	**-**

28. COMMITMENTS continued

(e) INVESTMENTS

At balance date capital commitments existed in respect of interests in partnerships, investments or joint ventures contracted but not provided for in the financial statements:

	Note	Consolidated June 2001 $m	Consolidated June 2000 $m	Company June 2001 $m	Company June 2000 $m
Due within 1 year					
Bulwer Island Energy Partnership			8.9		
Lend Lease Asia Water Trust			25.7		25.7
Lend Lease International Distressed Debt Fund	31(q)	139.7	83.3		
Lend Lease Real Estate Partners I Ltd		3.3	4.8		
Value Enhancement Fund IV	31(k)	32.7	31.9		
Skyline Fund		24.0			
Lend Lease Global Fund, Luxembourg	31(t)	152.9	66.5		
Multi-family investment funds		5.0	7.4		
Lend Lease Retail Partnership	31(v)	26.5	25.0		
Mirvac Lend Lease Village Consortium	31(h)	2.1			
Generali Lend Lease		6.5			
Other		0.9	2.5		
Due between 1 and 5 years					
Mirvac Lend Lease Village Consortium	31(h)	13.2	16.5		
Value Enhancement Fund V	31(k)	112.0	10.4		
Multi-family investment funds		18.5	10.7		
Debt management investment portfolios		34.9	13.9		
		572.2	**307.5**	**-**	**25.7**

(f) SUPERANNUATION/PENSION FUNDS

Lend Lease sponsors a number of superannuation/pension funds which provide benefits for employees or their dependants on retirement, redundancy, disability or death. The funds provide, in the majority of cases, benefits in the form of lump sum/ pension payments. Contributions to the funds are generally based on a percentage of employees' salaries.

Lend Lease is obliged to contribute to the funds in accordance with their governing Trust Deeds and in the majority of cases the contributions are legally enforceable. Contributions are made at levels which ensure the funds are able to meet their obligations as determined by actuarial assessments. Based on these assessments, each fund would be able to satisfy all benefits that would have been vested in the event of:

- termination of the funds;
- voluntary termination of the employment of each employee on the initiative of the employee; or
- compulsory termination of the employment of each employee on the initiative of the employer.

Other than major funds in Australia and the UK, the size of the minor funds are not significant separately or in aggregate and therefore further disclosures are only in respect of the major or principal funds. The actuaries of the principal funds at the end of the financial year were G. Holley, F.I.A.A for the Australian fund, and R. Mulcahy, F.I.A. for the UK fund. Actuarial assessments in relation to the Australian fund are carried out at least every three years and the latest actuarial assessment of this fund was carried out at 1 January 2000, whilst for the UK fund the latest actuarial assessment was 1 November 1999.

28. COMMITMENTS continued

(f) SUPERANNUATION/PENSION FUNDS continued

The accrued benefits, fund assets at net market value and vested benefits of the principal Australian fund is as follows:

	Australian Fund	
	2001 $m	2000 $m
Fund assets at net market value at balance date	296.2	415.2
Accrued benefits at latest actuarial review (1)	168.8	246.8
Excess of fund assets over accrued benefits	**127.4**	**168.4**
Vested benefits at balance date	177.1	256.3
Lend Lease contributions to the fund	1.8	1.7
Lend Lease contributions payable to the fund	0.3	0.2

(1) Accrued benefits are benefits which the fund is presently obliged to pay at some future date, as a result of membership of the fund. Accrued benefits for the Australian Fund have been determined based on the amount calculated by the actuary at the date of the most recent actuarial review, being 1 January 2000.

At 30 June 2000, MLC employees remained as members of the principal Australian fund. Under a Deed of Agreement between the Australian Fund trustee and NAB, the assets supporting the benefits for MLC employees (amounting to $78.0 million at 30 June 2000) were partitioned within the Australian fund. These assets were transferred in September 2000. The accrued benefits at latest actuarial review have been adjusted to exclude the benefits for MLC employees.

The net market value of the principal UK fund at 30 June 2001 was GBP130.0 million (A$356.2 million) with the accrued benefits at the latest actuarial assessment being GBP108.8 million (A$279.0 million). The actuary has certified the level of solvency for accrued benefits on a long term basis at 100% and that the fund meets the minimum funding requirement (currently 120%).

LEND LEASE US EMPLOYEE PENSION PLANS

Lend Lease US has established several employee pension plans in accordance with USA laws. These plans are administered in accordance with actuarial advice and are funded on a defined contribution basis which enables employees to receive a cash balance upon leaving employment or retirement. Employees of the former ERE organisation may be eligible for health insurance benefits upon retirement based on service with the organisation. At 30 June 2001 the accrued benefits approximated the assets held by the pension plans.

With effect from 30 June 2001, Lend Lease US has terminated one of its plans (Lend Lease USA Retirement Plan) with the primary pension arrangement being assumed by the Lend Lease USA Investment Plan.

(g) LEND LEASE EMPLOYEE SHARE PLANS

Lend Lease has as a core value the concept of the "partnering" of capital and labour. This successful concept has, over decades, been advanced in many practical ways in Lend Lease through such philosophies as employee ownership and profit sharing.

Currently employees own approximately 14% of the issued capital of Lend Lease.

In October 1988, shareholders approved an annual allotment of 0.5% of the issued capital of Lend Lease Corporation at 50 cents per share to be used for the benefit of Lend Lease Group employees. In previous years the annual allotment was primarily directed for the benefit of Australian employees through the Lend Lease Employee Share Acquisition Plan (ESAP). With the global expansion of Lend Lease and the employment of a significant number of employees outside Australia, employee share plans were extended to UK, European and US employees, with the annual allotment of the 0.5% of issued capital (comprising 2,521,137 shares) allocated across the Group's various global employee share plans. These plans are described in more detail below.

28. COMMITMENTS continued

(g) LEND LEASE EMPLOYEE SHARE PLANS continued

AUSTRALIAN BASED: EMPLOYEE SHARE ACQUISITION PLAN (ESAP)

In accordance with the 1988 shareholder approval, ESAP was established in December 1988 for the purpose of employees acquiring shares in Lend Lease Corporation. That plan replaced previous employee ownership facilities in place over the previous decade.

ESAP is funded by Lend Lease subscriptions at the rate of up to 7.5% of annual salary and employee profit share calculated at the rate of up to 7.5% of profit before tax in accordance with a Profit Sharing Deed. Annual salary and profit share subscriptions are used to acquire shares in Lend Lease Corporation at market value on behalf of employees, who may be nominated as members of ESAP. Employees individually may request, and Lend Lease Corporation Board may approve such a request, to receive a portion of this Profit Share as a cash payment. Employees are also allocated shares on the basis of individual and departmental performance. These shares are issued to the Plan at 50 cents per share value from the 0.5% of issued capital mentioned above. The number of employees eligible to participate in the plan at balance date is approximately 1,600 (June 2000 1,990).

US BASED: EMPLOYEE SHARE PLAN

The Lend Lease US Long Term Incentive Share Plan (the Plan) was established in the US in 1998. The Plan was established with a US rabbi trust that holds shares in Lend Lease Corporation to assist payment of benefits under the Plan. Employees may acquire units in the Plan by sacrificing part of their salary and/or benefits funding the purchase of Lend Lease shares at market value. Units in the Plan are also issued to employees based on individual and departmental performance. Underlying shares are issued to the US Trust at 50 cents per share from the 0.5% of issued capital referred to above. The value of the units to employees is ultimately based upon a combination of the Lend Lease Corporation share price and the US and Australian dollar exchange rate.

Currently arrangements are being put in place in association with the existing US shareplan infrastructure, to have share plan based long term incentive arrangements for the US employees of Bovis Lend Lease.

Lend Lease Corporation is responsible for the liabilities of the rabbi trust. For reporting purposes the assets and the liabilities of the rabbi trust which are equal are offset.

The number of employees eligible to participate in the plans at balance date is approximately 5,600 (June 2000 2,776).

UK/EUROPEAN/ASIAN BASED: EMPLOYEE SHARE PLAN

Two employee Share Plans (the Plans) were established in 1998, being the UK based Inland Revenue approved plan (the Approved Plan) and the European (Guernsey based) restricted share plan (The Restricted Share Plan). The Plans jointly, are similar in operation to the Australia based ESAP, however, the Approved Plan is only available to UK employees.

The Approved Plan is funded by Lend Lease subscriptions at a rate of up to 5% of annual salary, plus contributions to cover employee profit share awards. These subscriptions are used to acquire shares in Lend Lease Corporation at market value on behalf of UK employees.

In April 2001 a further UK based Inland Revenue approved plan was established for UK employees of Bovis Lend Lease with subscriptions, based on 2.5% of the employees' salary, used to acquire shares in Lend Lease Corporation at market value on behalf of those employees.

Shares in the above mentioned Restricted Share Plan may be allocated to employees in both the UK and Europe and as options for Asia, based on individual and departmental performance. Shares are issued to this plan from the 0.5% of issued capital referred to above. In addition, the Restricted Share Plan can acquire Lend Lease Corporation shares at market value on behalf of employees. The value of allocations to employees is ultimately based on a combination of the Lend Lease Corporation share price and the respective UK, Euro and Asian currencies and Australian dollar exchange rates.

The number of employees eligible to participate in the plans at balance date is approximately 3,500 (June 2000 315).

29. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) RECONCILIATION OF PROFIT AFTER TAX FROM ORDINARY ACTIVITIES TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	Consolidated		Company	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Profit after tax from ordinary activities	151.4	432.2	217.5	199.1
Amortisation and depreciation	128.2	85.1	1.3	1.5
Gain on sale of fixed assets and investments	(158.8)	(210.9)	(0.2)	
Foreign exchange loss/(gain) and currency hedging costs	11.9	(5.6)	43.0	24.0
Equity accounted loss/(profit)	3.0	(16.8)		
Net movement in provisions	277.7	251.9	15.9	98.1
Net increase in policy liabilities		2,309.4		
Bad debts expense	41.6		34.0	
Net cash provided by operating activities before changes in assets and liabilities	**455.0**	**2,845.3**	**311.5**	**322.7**
(Increase)/decrease in receivables	(338.1)	(117.2)	7.8	682.5
Decrease in inventories	360.0	614.7		
Increase in investments attributable to Statutory Funds		(2,413.6)		
(Increase)/decrease in other assets	(133.6)	(157.0)	0.2	(0.1)
Increase/(decrease) in creditors	90.5	31.6	(48.8)	(808.6)
Increase in other liabilities	49.4	59.6		
(Increase)/decrease in deferred tax items	(130.8)	3.1	(0.7)	(3.2)
Decrease in unsettled investment transactions		(247.8)		
Increase in current tax provision	26.2	14.9	41.0	0.4
Increase/(decrease) in other provisions	(91.2)	92.6	(14.9)	14.2
Net cash provided by operating activities	**287.4**	**726.2**	**296.1**	**207.9**

(b) SUPPLEMENTARY INFORMATION

The June 2000 Consolidated Statements of Cash Flows included the cash flows of the Statutory Funds. Detailed disclosures distinguishing between Statutory Funds' cash flows and cash flows for the Lend Lease Operating Businesses are provided in the Consolidated Financial Statements of Lend Lease at 30 June 2000.

	Receipts		Expenditure	
	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
Property development receipts and expenditure:				
Bluewater, Kent	272.5	530.6	65.0	158.0
Bluewater South Village, Kent	8.6		6.3	
Bluewater Valley, Kent			13.7	
Olympic Village/Newington, Sydney	92.1	204.9	80.9	229.2
Touchwood Court, Solihull	2.7	55.3	153.4	158.4
Darling Park, Sydney	67.1	185.0		25.8
Aurora Place, Sydney	275.3	1.7	43.6	82.7
Overgate Centre, Dundee		114.6	55.9	148.4
Auslig, Canberra	1.1	12.5	0.8	0.5
Australia Centre, Sydney	15.2		19.5	
Chapelfield, Norwich			11.9	10.6
Admiralty Industrial Park, Singapore	36.9	39.4	27.0	29.1
Jacksons Landing, Sydney	2.7	19.2	9.2	4.9
Riverside II, Brisbane		17.8		
Other	43.5	73.2	51.1	36.0
	817.7	**1,254.2**	**538.3**	**883.6**

29. NOTES TO THE STATEMENTS OF CASH FLOWS continued

(b) SUPPLEMENTARY INFORMATION continued

Distributions from partnerships mainly comprised distributions received from King of Prussia ($15.6 million) and Whitecliff Properties ($2.1 million).

Proceeds on sale of investments totalling $117.0 million mainly comprised proceeds from the sale of Vestar Long Beach ($43.5 million), Prospect Water Partnership ($24.4 million), Cempaka ($9.5 million) and Bulwer Island Energy Partnership ($30.5 million).

Purchases of investments totalling $224.7 million comprised YCPII ($19.2 million), Lend Lease Real Estate Securities Fund ($22.4 million), Lend Lease Europe Mutual Fund ($19.5 million), Value Enhancement Fund IV ($31.9 million), Lend Lease International Distressed Debt Fund ($53.1 million), Value Enhancement Fund V ($12.6 million) and various other purchases ($66.0 million).

Loans to associates/related parties of $13.6 million mainly related to:

- $10.5 million loan to Lend Lease Global Property Fund
- $3.8 million loan to Maribyrnong Development Company Pty Limited
- $2.0 million loan to Maryland Development Company Pty Limited
- $7.1 million loan to Bulwer Island Energy Partnership; and
- $9.3 million repayment from East Asia Property Group

Proceeds from borrowings totalling $1,124.4 million were comprised of:

- Short term drawdowns of $647.5 million under the mortgage servicing facility;
- $463.2 million to finance working capital for US operations; and
- $13.7 million drawdown to finance working capital for UK operators.

Repayments of borrowings totalling $1,133.2 million were comprised of:

- Short term repayments of $789.3 million under the mortgage servicing facility;
- $329.8 million used to repay working capital facility in the US; and
- $14.1 million repayment of credit facility relating to the development and construction of the Olympic Village.

Net proceeds from share issues of $49.8 million include the amount of dividends foregone pursuant to Share Election Plan of $7.4 million.

(c) ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES

The acquisition of controlled entities of $46.9 million included IRW GmbH, a construction company in Germany, which was acquired on 3 January 2001 ($21.9 million). There was no material receipt of cash from the disposals of controlled entities during the year. Reference can be made to the 30 June 2000 Consolidated Financial Statements for details of acquisitions and disposals during the previous year.

30. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) FOREIGN CURRENCY

FOREIGN CURRENCY TRANSLATION

The major foreign currency exchange rates used in the translation of profit and loss (average rate) and assets and liabilities (spot rate) denominated in foreign currency are as follows:

	June 2001		June 2000	
	Average Rate	Spot Rate	Average Rate	Spot Rate
USD	0.535	0.520	0.624	0.600
GBP	0.367	0.365	0.392	0.390
EURO	0.597	0.590	0.630	0.630
SGD	0.940	0.950	1.060	1.000

FOREIGN CURRENCY RISK

Lend Lease's policy regarding foreign currency management is to actively manage currency risk so as to minimise any adverse impact of this risk and associated costs on the Lend Lease Group's consolidated profit and net asset positions. A Foreign Exchange Risk Management Committee manages the Group's foreign currency exposures within the parameters of the currency risk management policy. Speculative trading is not undertaken.

When hedging its position, Lend Lease adopts a strategy using both physical instruments and derivative financial instruments.

In regard to derivative financial instruments Lend Lease:

- Mainly uses forward foreign exchange contracts;
- Only uses these instruments for hedging purposes;
- Does not use these instruments for trading purposes;
- Has a policy which is reviewed by the Lend Lease Corporation Board covering all dealings with counterparties and respective monetary dealing limits;
- Principally deals with counterparties that are large financial institutions within approved credit limits; and
- Does not have any significant exposure to any individual counterparty.

Exchange gains and losses on forward exchange contracts entered into for hedging net assets and profits of foreign operations are accounted for in accordance with Lend Lease's accounting policy for foreign currency (Note 1(s)).

Lend Lease uses forward foreign exchange contracts to hedge a portion of projected profits from foreign operations as follows:

	Portion Hedged Year Ended 30 June 2002	Portion Hedged Year Ended 30 June 2003
FOREIGN OPERATIONS		
USA (USD)	90%	55%
UK (GBP)	76%	55%
Europe (EURO)	74%	

During the year ended 30 June 2001, Lend Lease maintained the following hedged positions in relation to certain net asset foreign currency exposures: the net asset exposure to the United States Dollar was hedged to 92%, Pounds Sterling 60%, Singapore Dollar 79% and Euros 75%. Some foreign currency denominated net asset positions were not hedged as these exposures were not significant.

30. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

(a) FOREIGN CURRENCY continued

FOREIGN CURRENCY RISK continued

	Weighted average exchange rate		Total A$ Receivable/(Payable) Under contracts	
	June 2001 (A$1=)	June 2000 (A$1=)	June 2001 $m	June 2000 $m
Contracts to Sell US Dollars at an agreed exchange rate [(1)]				
Not later than one year	0.53	0.60	1,569.5	1,287.4
Later than one year but not later than two years	0.58	0.63	81.3	48.2
Later than two years but not later than five years		0.60		45.2
Contracts to Sell GB Pounds at an agreed exchange rate [(1)]				
Not later than one year	0.37	0.39	727.5	811.4
Later than one year but not later than two years	0.39	0.40	44.8	19.0
Later than two years but not later than five years		0.39		45.0
Contracts to Buy French Francs at an agreed exchange rate				
Not later than one year	3.97		(0.2)	
Contracts to Sell Singapore Dollars at an agreed exchange rate [(1)]				
Not later than one year	0.93	1.03	57.4	62.1
Contracts to Buy Japanese Yen at an agreed exchange rate				
Not later than one year	60.27		(0.1)	
Contracts to Sell Euro Dollars at an agreed exchange rate [(1)]				
Not later than one year	0.58	0.63	73.8	42.6
Later than one year but not later than two years		0.61		13.2
Contracts to Buy German Mark at an agreed exchange rate				
Not later than one year	1.14		(0.7)	
Contracts to Sell NZ Dollars at an agreed exchange rate [(1)]				
Not later than one year	1.21	1.23	19.7	24.3
Contracts to Sell Indonesian Rupiah at an agreed exchange rate				
Not later than one year		31.92		1.4
Contracts to Sell Mexican Peso/Buy USD at an agreed exchange rate	9.5		USD 9.6	
A$ equivalent			18.6	
Contracts to Sell US Dollars/Buy Euro at an agreed exchange rate	0.91		EUR 3.0	
A$ equivalent			5.0	
			2,596.6	**2,399.8**

(1) Net position (net of buy contracts).

The above foreign currency contracts are used by Lend Lease to hedge its foreign currency net asset exposures and projected foreign currency profits. The forward exchange contracts are converted to market rates at balance date and the unrealised gains and losses are recorded in the Profit and Loss.

30. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

(b) CREDIT RISK EXPOSURES

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Lend Lease Risk and Compliance Committee maintains a Group wide framework for risk management and reviews issues of material risk exposure, including credit risk. The Group has a Board-approved credit policy for determining acceptable counterparties. The counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The policy determines credit limits for each counterparty. The use of any counterparty outside the policy specifications requires Board approval.

On Balance Sheet Financial Instruments

The credit risk on financial assets which have been recognised in the Statements of Financial Position, excluding investments of Lend Lease, is equal to the carrying amount, net of any provision for doubtful debts.

Lend Lease minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties in various countries. Lend Lease is not materially exposed to customers in any individual overseas country or any individual customer.

Off Balance Sheet Financial Instruments

Credit risk on off balance sheet derivative contracts is minimised as dealing is principally undertaken with counterparties that are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Foreign exchange contracts are subject to credit risk in relation to the counterparty failing to deliver the contracted amount of currency, at settlement date. The full amount of the exposure is disclosed in Note 30(a).

(c) INTEREST RATE RISK

Lend Lease's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as Lend Lease intends to hold fixed rate assets and liabilities to maturity.

				Fixed Interest Maturing In				
	Note	Weighted Average Interest Rate [1]	Floating Interest Rate $m	1 Year or Less $m	Over 1 to 5 Years $m	More than 5 Years $m	Non Interest Bearing $m	Total $m
2001								
Financial assets								
Cash	8	6.14%	1,085.3	25.6			7.7	**1,118.6**
Receivables	9	8.34%	45.0	10.0	36.0		2,483.6	**2,574.6**
Investments	11,12						1,073.6	**1,073.6**
			1,130.3	**35.6**	**36.0**	**-**	**3,564.9**	**4,766.8**
Financial liabilities								
Creditors	18						2,117.7	**2,117.7**
Borrowings [2]	19	7.10%	205.1		875.7			**1,080.8**
Other liabilities	21,22	9.20%		32.0	315.1		467.3	**814.4**
Dividends payable	20						34.5	**34.5**
Employee entitlements	20						115.7	**115.7**
			205.1	**32.0**	**1,190.8**	**-**	**2,735.2**	**4,163.1**
Net financial assets and liabilities			**925.2**	**3.6**	**(1,154.8)**	**-**	**829.7**	**603.7**
Interest rate swaps [3]	19		105.1		(105.1)			

30. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

(c) INTEREST RATE RISK continued

	Note	Weighted Average Interest Rate [1]	Floating Interest Rate $m	Fixed Interest Maturing In: 1 Year or Less $m	Over 1 to 5 Years $m	More than 5 Years $m	Non Interest Bearing $m	Total $m
2000								
Financial assets								
Cash	8	5.93%	3,351.3				132.5	**3,483.8**
Receivables	9	9.40%	1.8	16.3	12.7		2,209.9	**2,240.7**
Investments	11,12	8.00%	6.5				1,028.5	**1,035.0**
			3,359.6	**16.3**	**12.7**	**-**	**3,370.9**	**6,759.5**
Financial liabilities								
Creditors	18	10.50%		7.0	12.7		2,007.5	**2,027.2**
Borrowings [2]	19	7.01%	173.8	60.0	416.8	394.9		**1,045.5**
Other liabilities	21,22	9.20%		24.2	308.6		508.6	**841.4**
Dividends payable	20						163.9	**163.9**
Employee entitlements	20						104.1	**104.1**
			173.8	**91.2**	**738.1**	**394.9**	**2,784.1**	**4,182.1**
Net financial assets and liabilities			**3,185.8**	**(74.9)**	**(725.4)**	**(394.9)**	**586.8**	**2,577.4**
Interest rate swaps [3]	19		45.1	60.0		(105.1)		

(1) Does not include non interest bearing financial instruments. The effect of the interest rate swaps is incorporated into the weighted average interest rate.

(2) Includes impact of interest rate swaps.

(3) Refers to the notional principal amounts for the interest rate swaps in place for Olympic Village debt facilities (2000 only), and A$500m MTN.

(d) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial assets and liabilities are determined by Lend Lease on the following basis:

ON BALANCE SHEET FINANCIAL INSTRUMENTS

The net fair value of financial assets exceeds the carrying amount and the net fair value of financial liabilities are equivalent to their carrying value.

Equity investments traded on organised markets have been valued by reference to market prices prevailing at balance date (refer also to Notes 11 and 12). For non traded equity investments, the net fair value is an assessment by the directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment (refer also to Note 11 and 12).

The carrying amounts and net fair values of financial assets and liabilities as at the reporting date are as follows:

	Consolidated 2001 Carrying Amount $m	Consolidated 2001 Net Fair Value $m	Consolidated 2000 Carrying Amount $m	Consolidated 2000 Net Fair Value $m
Financial Assets				
Cash	1,118.6	1,118.6	3,483.8	3,483.8
Receivables	2,574.6	2,574.6	2,221.9	2,221.9
Investments traded	29.5	66.1	141.8	366.4
Investments non traded	1,044.1	1,045.4	912.0	917.0
	4,766.8	**4,804.7**	**6,759.5**	**6,989.1**
Financial Liabilities				
Creditors	2,117.7	2,117.7	2,027.2	2,019.4
Borrowings	1,080.8	1,080.8	1,045.5	1,045.2
Other liabilities	814.4	814.4	841.4	841.4
Dividends payable	34.5	34.5	163.9	163.9
Employee entitlements	115.7	115.7	104.1	104.1
	4,163.1	**4,163.1**	**4,182.1**	**4,174.0**

30. INTERNATIONAL CURRENCY MANAGEMENT AND FINANCIAL INSTRUMENTS continued

(d) NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES continued

OFF BALANCE SHEET FINANCIAL INSTRUMENTS

The gross assets and liabilities relating to forward exchange contracts are not recorded on the Statements of Financial Position at 30 June 2001. The balances relating to forward foreign exchange contracts included in other liabilities above (refer Note 22), represents the net unrealised losses resulting from converting the forward exchange contracts to market rates at balance date. This also represents the net fair value of these contracts as disclosed below.

Lend Lease (US) Finance Inc. executed cross currency swaps on its A$500m Medium Term Note issue (Note 19(b)). Under the swaps, Lend Lease is paying US LIBOR +58 basis points, and has fixed a A$/USD exchange rate at July 2005 of 0.633 for the face value of the notes. The carrying value of this liability at 30 June 2001 is A$108.7 million represented by the additional A$ payable in July 2005 on the notes to close the cross currency swap. The net fair value represents the "marked-to-market" liability to Lend Lease (A$112.1 million). Interest rate swaps have been undertaken to swap the US LIBOR exposure to fixed.

The net fair value of financial assets or financial liabilities arising from interest rate swap agreements has been determined as the marked-to-market liability. The carrying value represents the amount currently receivable or payable at the reporting date. Interest swaps outstanding are related to the Forum West project and the USD floating exposure of the A$500m Medium Term Note.

Lend Lease Corporation and certain of its controlled entities have potential financial liabilities, which may arise from certain contingencies disclosed in Note 27.

The net fair value of off-balance sheet financial instruments held by Lend Lease at 30 June 2001 are:

	Consolidated 2001		Consolidated 2000	
	Carrying Amount $m	Net Fair Value $m	Carrying Amount $m	Net Fair Value $m
Financial Liabilities				
Forward foreign exchange contracts	48.5	48.5	(0.1)	(0.1)
Interest rate swaps	3.7	30.5		(0.3)
Cross currency swaps [(1)]	108.7	112.1	27.5	19.7
	160.9	**191.1**	**27.4**	**19.3**

(1) Included within creditors at June 2000.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS

			Contribution to Operating Profit After Tax		Book Value	
		Note	June 2001 $m	June 2000 $m	June 2001 $m	June 2000 $m
AUSTRALIA & PACIFIC						
(a)	Aurora Place, Sydney [1]	10	19.6	12.8		174.3
(b)	Australian Prime Property Fund	12	2.1	1.9	48.2	48.0
(c)	Darling Park Stage III Joint Venture, Sydney	10			16.3	16.3
(d)	Fox Studios Joint Venture, Sydney	9, 11	(65.0)	(81.5)	15.0	25.0
(e)	IBM Global Services Australia Limited	12	7.8	7.4	42.8	42.8
(f)	Jacksons Landing, Sydney	9, 10	5.8	6.7	88.2	95.1
(g)	Kiwi Property Group	11	1.3	1.2	14.7	15.6
(h)	Olympic Village/Newington, Sydney	10	8.4	8.0	106.5	184.9
NORTH AMERICA						
(i)	Chastain Capital Corporation	12	0.6			0.3
(j)	coolsavings.com	12	(36.4)		6.3	47.0
(k)	Value Enhancement Fund III, IV & V	12	1.4		86.3	32.3
(l)	Vestar Glendale, California [1]	11	1.9			21.8
(m)	Yarmouth Capital Partners Limited Partnership II	12	3.9	2.3	103.9	70.2
(n)	LLM Inversiones I.S.A. de C.V. (Mexican Distressed Loans)	11			19.7	
(o)	King of Prussia	12	13.0	10.7	242.7	204.1
ASIA						
(p)	Asia Pacific Investment Company	12	0.8	5.0	96.2	82.2
(q)	Lend Lease International Distressed Debt Fund	12			52.6	
EUROPE						
(r)	Bluewater, Kent [2]	10	88.3	127.8	618.4	783.6
(s)	Chapelfield, Norwich	10			43.1	27.3
(t)	Lend Lease Global Fund, Luxembourg	12			39.4	16.2
(u)	Lend Lease Porto Retail (Arrabida)	11	0.8	0.1	3.0	2.0
(v)	Lend Lease Retail Partnership	12	1.1	1.3	42.0	39.1
(w)	Overgate, Dundee	9, 10	12.9	(4.3)	233.8	215.1
(x)	Touchwood, Solihull [3]	9			114.5	73.6
(y)	Tres Aguas (Paseo Commercial Carlos III), Madrid	11	(0.1)	(0.2)	18.8	17.7
(z)	Whitecliff Properties, Kent [1]	11	1.9	2.3		23.3

(1) Sold during the year.
(2) The movement in book value mainly represents the sale during the year (refer Note 31(r)) and currency fluctuations.
(3) The movement in book value mainly relates to development expenditure during the year and currency fluctuations.

AUSTRALIA & PACIFIC

(a) Aurora Place, Sydney

Aurora Place was the development of 49,000m^2 of office space over 41 floors (88 Phillip Street) and 62 luxury residential apartments over 17 floors (155 Macquarie Street) on a premium grade Sydney Central Business District site. Lend Lease had a 25% interest in the development of the residential component with Mirvac (25%) and the East Asia Property Group (50%) and a 50% interest in the commercial office tower development with the East Asia Property Group (50%).

All the apartments were sold prior to 30 June 2000 and at 30 June 2001 all apartments had been settled.

Lend Lease's 50% joint venture interest in Aurora Place was sold to Commonwealth Property Investment Trust (CPIT) during the year. CPIT's purchase price of $485.0 million (in total) removed the joint venture's obligations for both future incentives and for leasing any remaining vacant space, as well as reflecting the cost of the lower yield in the first eighteen months due to rent free periods.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

AUSTRALIA & PACIFIC continued

(a) Aurora Place, Sydney continued

	Revenue $m	Profit After Tax $m
Revenues/sales in previous periods		
155 Macquarie Street		
Sale of apartments	33.0	5.3
Development fees	10.0	6.4
Interest and guarantee fees	4.6	3.0
	47.6	**14.7**
Revenues/sales for year ended 30 June 2001		
88 Phillip Street		
Disposal of 50% joint venture interest in Aurora Place	242.5	19.6
Total	**290.1**	**34.3**

(b) Australian Prime Property Fund (APPF)

The investment in APPF mainly relates to a one sixth interest in Greensborough Plaza Shopping Centre in Victoria.

(c) Darling Park Stage III Joint Venture, Sydney

During the year Lend Lease held a 60% interest in Darling Park Stage III Joint Venture, which is currently vacant land in Sydney Central Business District that may be developed at a later date depending upon market conditions.

Lend Lease sold its 30% interest in Darling Park Stages I and II Joint Venture in June 2000 to General Property Trust (GPT) and AMP Limited. The sale proceeds were $251.7 million which realised a profit after tax of $6.0 million. The proceeds consisted of $125.9 million cash from AMP Limited and $125.9 million (equivalent) in GPT units to be delivered in accordance with the following:

Delivery Date	No. of Units m	Unit Price $	Value $m
15 June 2000	18.1	2.43	44.0
1 January 2001	27.6	2.43	67.1
1 January 2002	6.1	2.43	14.8
	51.8	**2.43**	**125.9**

The GPT units have been forward sold to a Dutch Pension Fund at an agreed price of $2.43 per unit on the same dates that Lend Lease receives the units from GPT. The proceeds from the forward sale have been discounted to reflect the substance of the transaction. The profit after tax from the sale reported at 30 June 2000 was $2.5 million.

The tranche due on 1 January 2001 was received and the corresponding forward sale effected. During the year to 30 June 2001, $3.2 million of the discount applied to the sale was reversed as revenue. The remaining discount applied of $0.5 million will reverse in the June 2002 financial year.

(d) Fox Studios Joint Venture, Sydney (Fox Studios)

Fox Studios, a 50/50 joint venture with Fox Film Entertainment Australia Limited, a subsidiary of The News Corporation Limited was formed to develop the former Sydney Showgrounds into a working movie studio with a retail, entertainment and leisure precinct (including a studio tour, cinema and public space). The working studios were officially opened in May 1998 and the retail, entertainment and leisure precinct in November 1999. Bent Street (retail and entertainment precinct) has established itself as one of Sydney's popular destinations for dining, fashion, retail and entertainment. The professional film studios' (working studio) production capacity is substantially booked out for the next two years and the associated film and TV office campus is fully leased, with a backlog of leasing prospects.

The Backlot (leisure precinct) has traded significantly below its initial budget since opening in November 1999. In November 2000, a significant change to the operating format of the Backlot was made. This involved the removal of the gates to the Backlot, effectively integrating Bent Street and the Backlot into one precinct, with free access and reduced ticket prices for the attractions. The changed format allows a significant reduction in operating expenses.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

AUSTRALIA & PACIFIC continued

(d) Fox Studios Joint Venture, Sydney (Fox Studios) continued

Lend Lease's share of operating losses for the year to 30 June 2001 was $16.8 million ($11.1 million after tax). The components of the operating loss (Lend Lease's 50% share) were the trading loss (EBDIT) of $6.7 million, interest expense on the joint venture debt of $9.7 million and depreciation of the joint venture's assets of $0.4 million. Since the integration of the Backlot with Bent Street in November, the trading loss has been running at approximately $0.5 million (Lend Lease's 50% share) per month. The joint venture is continuing to explore ways to minimise this trading loss. The joint venture debt was repaid in full in July 2001 and therefore minimal interest will be incurred by the joint venture post 30 June 2001. In addition, as Lend Lease has effectively written off its investment in Fox Studios (refer below), Lend Lease only includes approximately 6% of its share of the joint venture's depreciation in its equity accounted profits/(losses) for Fox Studios.

Given the current trading performance and the uncertainty as to the impact of the new operating format, Lend Lease has raised additional provisions totalling $88.8 million before tax to reflect a carrying value of $15.0 million at 30 June 2001.

The following table details the components of the carrying value at 30 June 2001.

	Lend Lease's 50% share $m
Cost of Fox Studios development	235.9
Equity accounted share of operating losses	
Year ended 30 June 2000	(18.5)
Year ended 30 June 2001	(16.8)
Provisions raised	
Against investment at 30 June 2000	(96.8)
Against investment at 30 June 2001	(88.8)
Carrying value at 30 June 2001	**15.0**

Lend Lease's investment in Fox Studios at 30 June 2000 was reflected at $25.0 million. The following table summarises the movements in book value between 30 June 2000 and 30 June 2001:

	$m
Carrying value at 30 June 2000 (1)	25.0
Recognition of liability for joint venture debt (2)	
Term loan	75.0
Working capital loan	5.0
Working capital contributions to joint venture in financial year	15.6
Equity accounted operating losses in financial year	(16.8)
Provisions raised at 30 June 2001	
Against diminution in investment	(88.8)
Carrying value at 30 June 2001	**15.0**

(1) Made up of net investment $23.5 million and receivable $1.5 million.
(2) Relates to "off-balance sheet" joint venture debt that was repaid by the joint venture partners in July 2001 (refer Note 22).

The net impact of the Fox Studios operating losses and investment provisions was a loss after tax of $65.0 million for the year ended 30 June 2001. This was after the part reversal of a $20.0 million other provision in relation to Fox Studios carried at 30 June 2000. The loss is summarised in the table below.

	Loss Before Tax $m	**Loss After Tax $m**
Equity accounted loss	16.8	11.1
Provision for diminution of investment	88.8	62.1
	105.6	**73.2**
Part reversal of investment provisions	(11.7)	(8.2)
Net loss	**93.9**	**65.0**

The remaining $8.3 million of the Fox Studios investment provision has been carried forward at 30 June 2001 to cover any further diminution of the investment.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

AUSTRALIA & PACIFIC continued

(e) IBM Global Services Australia Limited (IBMGSA)

The principal activities of IBMGSA are the provision of information technology services to private and public sectors in Australia and New Zealand. Lend Lease has a 23% investment interest in IBMGSA which has not changed during the year. Lend Lease has advanced an unsecured loan of $34.5 million to IBMGSA which is due to be repaid in February 2002.

During the year Lend Lease received loyalty payments of $11.8 million (June 2000 $11.6 million) in respect of its investment.

(f) Jacksons Landing, Sydney

Jacksons Landing is a joint venture between Lend Lease (50%), Kerry Properties (25%) and the Singapore Government Investment Corporation (25%). It is a development project that is predominantly residential and will consist of approximately 1,500 units at project completion in 2007. The staged masterplanned community has 700 metres of waterfrontage onto Sydney Harbour and is less than one kilometre from the Sydney CBD.

Lend Lease's total costs are expected to be in the order of $450 million. Due to the progressive staging of the development Lend Lease's exposure at any point in time will be less than the total project cost.

The development consists of residential and commercial components:

Residential

Precinct	Construction Status	No. units released	No. sold at 30 June 2001	% Sold
Regatta Wharf A	Complete	144	135	94%
The Elizabeth	Complete	44	44	100%
The Rum Store	Complete	13	11	85%
The Terraces	Complete	61	61	100%
Fleetview	Complete June 2001	150	105	70%
McCafferys	Commenced March 2001	93	73	78%
Reflections	Commenced April 2001	78	11	14%
Total		**583**	**440**	**75%**

As anticipated, sales around the Olympic period were slow but were strong for the rest of the year. An additional 190 units were launched during the year, with sales of 167 units achieved. Of the completed precincts 86% have been sold.

Commercial

The current approved masterplan for the project incorporates approximately 30,000m^2 of commercial usage. The first commercial precinct, known as 'The Glassworks', consists of one building of 12,950m^2 and was completed in June 2001 with approximately 67% leased to Nokia. The building was sold to the NAB Superannuation Fund during the year for $51.8 million.

The balance of the commercial space will be developed in the future, subject to market demand.

(g) Kiwi Property Group (KPG)

Lend Lease holds a 50% interest in the manager of the Kiwi Income Property Trust and the Kiwi Development Trust as well as an associated development management company and property management company. The KPG manages commercial office, retail and industrial property assets in New Zealand. Lend Lease has the option to increase ownership of the companies to 100% at any time up to 1 April 2002.

(h) Olympic Village/Newington, Sydney

Lend Lease holds an interest in the Mirvac Lend Lease Village Consortium, an unincorporated partnership with Mirvac. The consortium is developing a new suburb at Homebush Bay in Sydney (Newington), which will be one of the world's largest solar powered neighbourhoods. The development includes the Olympic Village which housed approximately 15,000 athletes who participated in the 2000 Olympic Games. With the games completed, the athletes' village is being incorporated into the new suburb. The development is divided into four precincts, with each precinct being subject to different equity interests. In aggregate Lend Lease is the majority partner with approximately 60% interest.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

AUSTRALIA & PACIFIC continued

(h) Olympic Village/Newington, Sydney continued

Precinct/Stage	Nature of Development	Lend Lease Interest
Precinct/Stage 1	Residential (Post Games)	50%
Precinct/Stage 2	Olympic Village/Residential	67%
Precinct/Stage 3	Residential (Pre Games)	50%
Precinct/Stage 4/5	Commercial/Retail	100%

Over the nine year life of the project which commenced in 1998, Lend Lease is expected to incur total costs in the order of $550.0 million. However, due to the progressive nature of the development, Lend Lease's exposure at any point of time will be less than the total project cost.

At 30 June 2001 Lend Lease's investment in Olympic Village/Newington amounted to $106.5 million (June 2000 $184.9 million). Marketing for the development commenced in September 1998. The following table summarises the sales made on the project.

Residential

Precinct/Stage	No. of Dwellings Launched (1)	No. Sold at 30 June 2001	Percentage Sold
1	134	100	75%
2	646	587	91%
3	244	244	100%
Total	**1,024**	**931**	**91%**

(1) Refers to the number of dwellings available to the public for purchase.

The Olympic Village (Stage 2) was handed over to SOCOG on 16 June 2000. Marketing of the Stage 2 dwellings commenced in March 1999 based on guaranteed leaseback arrangements. The unconditional performance guarantee of $450.0 million provided by Lend Lease to the Sydney Olympics Authority in relation to the provision of accommodation for the Games in September 2000 has been reduced to $50.0 million following the June 2000 handover of the accommodation. This guarantee will be released on 16 April 2006 once all conditions under the Project Delivery Agreement with the Olympic Coordination Authority (which includes statutory reporting obligations and land improvement program) have been met. The Olympic Village was handed back by SOCOG in November 2000 and retrofit construction works have been completed. Sales remain on budget.

Commercial: Precinct/Stage 4/5

The commercial precinct is divided into retail and commercial sites. The retail site has secured Woolworths, Petrol Plus and Mac's Liquor as tenants and are currently in the process of securing tenants for speciality shops. The industrial site consists of six lots and are a mixture of straight land sales, tenanted industrial complexes and lease sites.

Lot	Olympic use	Post Olympic use
6	SOCOG car park	Land sale, settled April 2001.
10 C	n.a.	Land sale.
7	Rental units	Six out of eight are leased, all will be sold with rental guarantees given on unleased units.
10 A&B	Food/nightclub venue	Custom build and sell for client.
12 & 14	n.a.	Land sale, settled April 2001.
13	n.a.	Land sale, settled February 2001.

NORTH AMERICA

(i) Chastain Capital Corporation (Chastain)

Chastain was a publicly listed Real Estate Investment Trust (REIT) that invested in commercial and multi-family mortgage and real estate related assets. The turmoil in the US debt markets in the second half of 1998 adversely affected the share price and devalued some of the assets of Chastain. As a result Lend Lease raised a provision of $12.1 million against its investment in the June 1999 financial year.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

NORTH AMERICA continued

(i) Chastain Capital Corporation (Chastain) continued

Chastain subsequently liquidated its assets, which was completed in August 2000.

Lend Lease received USD9.3 million initial liquidation distribution (USD7.45 per share) from Chastain at November 1999. The final distribution of USD0.7 million (USD 0.53 per share) was received in October 2000. Chastain has been delisted from the NASDAQ.

(j) coolsavings.com (coolsavings)

coolsavings is incorporated in the USA with a balance date of 31 December and is a provider of internet services in the US, mainly focussed on retailers' advertising needs via savings coupons sourced via the internet. During the year Lend Lease raised a $47.6 million ($36.4 million after tax) provision against its 24.8% investment in coolsavings. coolsavings listed on 19 May 2000, at a price of USD7.00 per share and closed at USD0.30 per share on 30 June 2001, which reflects the carrying value of $6.3 million.

(k) Value Enhancement Fund (VEF) III, IV & V

VEF III is a real estate investment fund set up in June 1998 to invest in mortgage investments and other real estate related assets with a net asset value of USD637.8 million at 30 June 2001. Lend Lease has acquired a 3.3% interest in VEF III. Lend Lease provided asset management and transactional services to VEF III during the year and received fees of USD4.0 million.

VEF IV, established in November 1999 (net asset value of USD376.0 million at 30 June 2001), is a real estate opportunity fund for institutional investors for enhanced returns, designed to take advantage of inefficiencies in the real estate cycle. Lend Lease has a 5% interest (USD20.2 million) in the fund. Lend Lease provided asset management and transactional services to VEF IV during the year and received fees of USD7.0 million.

VEF V, established in June 2001 (net asset value of USD26.1 million at 30 June 2001), is a real estate opportunity fund for institutional investors for enhanced returns, designed to take advantage of inefficiencies in the real estate cycle. Currently Lend Lease has a USD6.8 million interest in the fund which will be reduced to 15% as more investors enter into the fund. Lend Lease has committed USD65.0 million as a co-investment in VEF V. During the year, Lend Lease received asset management fees of USD0.5 million from the VEF V.

(l) Vestar Glendale, California

During the year Lend Lease sold its interest in this joint venture for USD15.9 million (A$29.7 million) realising a profit after tax of USD0.6 million (A$1.9 million).

(m) Yarmouth Capital Partners Limited Partnership II (YCPII)

This represents a co-investment in Yarmouth Capital Partner LP II (22.22% interest), YCP Cheyenne (3.89% interest) and YCP II Operator (10% interest). The principal activity of YCP LP II is investing in real estates. YCP II Operator is a hotel operator for various hotels in the Value Enhanced Funds series of portfolios, YCP I and YCP II as well as hotels in the Los Angeles County Employee Retirement Association (LACERA) portfolio. Lend Lease provided transactional and advisory services to YCPII receiving a fee of 4.3 million (June 2000 3.5 million). During the year Lend Lease invested an additional amount of $19.8 million in YCPII.

(n) LLM Inversiones I.S.A. de C.V. (Mexican Distressed Debt)

Lend Lease has a 32.3% interest in LLM Inversiones I.S.A. de C.V., a Mexican company involved in the business of acquiring and working out non-performing mortgage loan assets. Lend Lease entered into the investment on 30 March 2001. At 30 June 2001, there were no revenues or losses from the investment.

(o) King of Prussia

Lend Lease has 50% interest in the King of Prussia Associates which owns and operates the King of Prussia shopping complex in Pennsylvania, USA.

Lend Lease's investment in the partnership is recorded at an amount equivalent to its partnership contributions and share of accumulated earnings. The increase since 30 June 2001 is a result of Lend Lease's undistributed share of accumulated earnings for the year and currency fluctuations. The value of the underlying asset increased by 6% over the year to June 2001 (supported by independent valuation).

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

ASIA

(p) Asia Pacific Investment Company (APIC)

Lend Lease holds 18% interest in APIC which was established as an investment fund to enable institutional investors to invest in Asian property opportunities. Lend Lease is a sponsor investor of APIC and acts as investment adviser to the fund. Lend Lease's investment in APIC at 30 June 2001 of $96.2 million is its maximum commitment. The net asset value of APIC at 30 June 2001 was USD$293.6 million (A$564.6 million).

(q) Lend Lease International Distressed Debt Fund (IDDF)

The Lend Lease International Distressed Debt Fund invests in loans secured by real estate as well as commercial and industrial loans. The fund is targeted at institutional investors and high net worth individuals that will invest in distressed debts. It focuses initially on the Asian markets, particular in Japan, Korea and Thailand.

During the year, Lend Lease made a USD27.4 million (A$52.6 million) investment in IDDF. Lend Lease's total commitment is USD100 million. The remaining commitment is expected to be invested during the June 2002 financial year.

	USD $m	A$m
Initial cost of acquiring 50% interest in partnership	109.2	210.0
Share of accumulated partnership surpluses	47.9	92.1
Share of partnership distributions	(33.3)	(64.0)
Share of capital expenditure since acquisition	2.4	4.6
Investment at 30 June 2001	**126.2**	**242.7**

EUROPE

(r) Bluewater, Kent

Bluewater is a major out of town retail and leisure destination located in north-west Kent in the United Kingdom. The development was completed and opened on schedule on 16 March 1999. Bluewater includes 153,000 m^2 of retail and leisure space, with three principal anchor stores, John Lewis, Marks & Spencer and House of Fraser, and a cinema complex which opened in June 1999. Lend Lease is the manager of Bluewater. Since opening, Bluewater's trading performance has been in line with forecast. The centre was 100% let at 30 June 2001.

Development Costs

The initial development cost budget was GBP570.0 million (excluding finance costs), which increased to GBP632.2 million at the completion of the development. The increases related to: infrastructure enhancements; expansion of the leisure villages; construction of the multiplex cinema; costs of resourcing the asset management and centre marketing teams at an earlier stage than originally anticipated; inclusion of centre marketing costs for the first year of operation; minor acceleration costs to achieve the scheduled opening date; and an increase in warranty provisions. The additional expenditure allowed higher rents to be achieved in the Centre as well as enhancing its marketability.

The final total cost of the development was GBP739.1 million, excluding any profit share that may be payable to Blue Circle Industries plc (BCI) (refer below). The total cost comprised GBP484.2 million for design and construction costs, other development costs of GBP148.0 million and financing costs of GBP106.9 million. Financing costs comprised capitalised interest GBP23.3 million, head lease finance costs GBP48.8 million and interest rate swap break costs GBP34.8 million. Interest costs were capitalised up to the date Bluewater was opened, after which any further interest costs were expensed as incurred. The financing costs relating to the head lease have been capitalised in the Bluewater cost base (refer below).

The interest swap break costs of GBP34.8 million relate to fixed rate funding required by the Syndicate which had to be broken to achieve the sale of interests in Bluewater (refer below).

The total development cost also reflected the discounted final land payment to BCI as part of the negotiations on the sale of Lend Lease's 50% interest in Whitecliff Properties (refer Note 31(z)) and a reassessment of expected construction warranty costs. The land discount of GBP4.0 million and reduction of warranty provisions of GBP7.1 million had the effect of reducing the total development costs previously reported (GBP750.2 million). As the profit on sale of the 60% of Bluewater (refer below) sold up to 30 June 2000 reflected the higher cost base, the GBP4.0 million discount was applied as follows:

- GBP2.4 million (60%) in respect of the sales up to 30 June 2000 was recorded as deferred profit emerging from those sales in the June 2001 financial year;
- GBP0.4 million (10%) in respect of the sale of 10% to Prudential in July 2000 (refer below) was applied as a reduction to the cost of sale; and

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

EUROPE continued

(r) Bluewater, Kent continued

- The balance of GBP1.2 million (30%) in respect of Lend Lease's 30% retained interest was applied as a reduction in the carrying value.

The GBP7.1 million reduction in warranty provisions was applied as follows:

- GBP5.0 million (70%) in respect of the sales up to 30 June 2001 was recorded as deferred profit emerging from those sales in the June 2001 financial year; and
- The balance of GBP2.1 million (30%) in respect of Lend Lease's 30% retained interest was applied as a reduction in the carrying value.

Financing Structure

Lend Lease owns the freehold of the land upon which the Centre was constructed. In November 1996 agreements were signed with an Investor Syndicate (the Syndicate) comprising Lloyds Leasing Limited, Barclays Mercantile Business Finance Limited and Royal Bank Leasing Limited, for the development, construction and long term leasehold ownership of the Centre.

Under these agreements the Syndicate was to provide construction funding of GBP375.0 million, excluding capitalised interest, and will be entitled to certain prescribed payments under a long term head lease with Lend Lease. The balance of the funding of the Centre was to be provided by Lend Lease. Following the 1997 UK Finance Act, the taxation treatment of arrangements similar to the Syndicate structure were changed, resulting in an increase in Lend Lease's prescribed payment obligations under the head lease.

As a result of discussions following these changes, Lend Lease agreed with the Syndicate to alter the structure with the variations to the existing agreements being signed in July 1998. The impact of these changes were:

- The head lease was varied to include only the plant and equipment component of the Centre (GBP82.2 million).
- The remainder of the original GBP375.0 million Syndicate funding (being GBP292.8 million) was provided by the parent banks of the Syndicate members as a debt facility. The debt facility was for a maximum commitment of GBP354.0 million (including capitalised interest) and for a term expiring in March 2005.

The variations to the structure lowered Lend Lease's cost of financing the Centre (relative to the original structure after the impact of the 1997 UK Finance Act) and provided greater flexibility for Lend Lease to sell its interest in the net operating income of the Centre following Practical Completion. The sale of any interests was subject to the following conditions under the agreements with the Syndicate:

- Lend Lease was required to retain a minimum interest in the Centre sufficient to service payments under the head lease to the Syndicate. This minimum interest is approximately 30%, subject to the quantum of the Centre's net operating income.
- Lend Lease was required to repay part of the new loan facility with the parent banks of the Syndicate. For every 10% interest of net operating income sold, Lend Lease was required to repay GBP65.0 million of the loan.

The original structure provided Lend Lease with call options over the Syndicate's investment, exercisable in the years 2005, 2009 and 2011. The call options were retained in the new structure, with the purchase price to be determined in accordance with an agreed formula.

The original structure allowed one Syndicate member an option to put its interest back to Lend Lease twelve years after practical completion, however, this was removed in the new structure.

Dispositions

Lend Lease has sold in total 70% of Bluewater and has retained a 30% direct interest. The various tranches sold are detailed below:

- An initial 15% interest was sold (by forward sale) to the Prudential Assurance Company Limited (Prudential) (a conditional sale agreement signed in November 1996) at the same time as the establishment of the Syndicate (refer above). The forward sale agreement also gave Prudential pre-emption rights to acquire an additional 20% interest in the net operating income of the Centre at market value as well as an option to purchase a further 15% interest at a pre-agreed price formula, should Lend Lease exercise one of the call options under the head lease with the Syndicate (refer above). The sale was at a value significantly below the valuation of Bluewater at completion (refer to table below), but reflected both the risks associated with the development at that point in time and the initial development plan.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

EUROPE continued

(r) Bluewater, Kent continued

Dispositions continued

- In August 1998, Prudential contracted to acquire an additional 20% interest in Bluewater by a variation to the initial forward sale agreement (refer above), which extinguished their pre-emption rights. The price was at a discount to the June 1998 valuation of Bluewater (GBP1,120.0 million), which reflected Prudential's involvement with the development since inception, and the pre-emptive rights attaching to the purchase of its initial 15% interest. The additional 20% was acquired in two tranches, 10% in July 1999 and the remaining 10% in July 2000.
- A 25% interest was sold to the Lend Lease Retail partnership in June 1999 at a price based on the June 1998 valuation (refer below).
- A 10% interest was sold to Hermes (acting on behalf of Britel Fund Trustees) in July 1999 at a price based on the June 1998 valuation (refer below).

In addition, Prudential also acquired a long term leasehold interest in the multiplex cinema.

The following table summarises the various sales in Bluewater to date:

	Timing of sale	Sale value GBPm	Cost of sale GBPm	Other costs GBPm	Profit before tax GBPm	Tax expense GBPm	Profit after tax GBPm	Profit after tax A$m
Summary of Bluewater Sales								
Initial Prudential sale								
15% interest	Mar 99	100.0	(88.0)[1]		12.0	(3.7)	8.3	20.1
Development fees		3.0		(0.3)	2.7	(0.9)	1.8	4.5
Retail Partnership sale								
25% interest	Jun 99	280.0	(192.6)		87.4	(26.6)	60.8	160.8
Hermes sale								
10% interest	Jul 99	112.0	(77.0)		35.0	(10.6)	24.4	62.2
Second Prudential sale								
10% interest	Jul 99	98.0	(77.0)		21.0	(6.2)	14.8	37.8
Development fees		2.0			2.0	(0.6)	1.4	3.7
Cinema sale	Jun 99	10.9	(10.0)		0.9	(0.3)	0.6	1.6
Loan repayment costs	Jun 99			(4.1)	(4.1)	1.2	(2.9)	(7.7)
Loan repayment costs	Jul 99			(4.1)	(4.1)	1.2	(2.9)	(7.4)
Total reported to 30 June 2000		**605.9**	**(444.6)**	**(8.5)**	**152.8**	**(46.5)**	**106.3**	**275.6**
Third Prudential sale								
10% interest	Jul 00	100.0	(76.2)		23.8	(6.9)	16.9	46.0
Discounted land payment	Dec 00		2.4		2.4	(0.7)	1.7	4.6
Reassessment of warranties			5.0		5.0	(1.5)	3.5	9.6
Total at 30 June 2001		**705.9**	**(513.4)**	**(8.5)**	**184.0**	**(55.6)**	**128.4**	**335.8**
Remaining 30% interest			(225.7)					
Total development cost			**(739.1)**					

(1) Reflected in the initial development plan.

BCI Profit Share

The partnership agreement with BCI provides for the payment of profit share to BCI up to a maximum amount of GBP50.0 million after Lend Lease has received a certain agreed priority return in excess of the total development costs. The Bluewater cost base does not include any profit share, which may be due to BCI since it would not arise before Lend Lease disposes of its remaining 30% interest, which under existing contractual arrangements cannot take place before 2005, and is contingent on proceeds from sale which cannot be reliably determined at this stage.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

EUROPE continued

(r) Bluewater, Kent continued

Lend Lease's Remaining 30% Interest

Lend Lease is required under the terms of the head lease (refer above) to retain a 30% interest in order to service the head lease payments. Lend Lease has a call option on the head lease which can be exercised in the years 2005, 2009 and 2011.

Prudential has an option to acquire a further 15% interest in Bluewater, should Lend Lease exercise one of its call options. Prudential's option is at a pre-agreed price formula, which essentially relates to the NOI at the time and an agreed capitalisation rate of (between 7% and 7.5% dependent upon which call option is exercised). The ultimate price Prudential would pay under its option (assuming it is exercised) would be dependent upon rental growth achieved at Bluewater's first major rent review in 2004.

The remaining 15% interest (or 30% if Prudential chooses not to exercise its option) can be sold at market value if Lend Lease exercises one of its call options. The price of the remaining interest will be dependent upon a number of factors including:

- the timing and means of disposition
- state of UK retail market at time of disposition
- investor demand for retail property assets like Bluewater
- trading performance of the Centre
- rental growth since Bluewater's opening

Lend Lease's ultimate profitability from Bluewater is also dependent on the above factors and the amount of profit share payable to BCI.

Valuation

The whole Centre has been valued by Paul Wolfenden FRICS, a Director of DTZ Debenham Tie Leung Limited, Chartered Surveyors and International Property Advisors, London, at GBP1,282.0 million (A$3,512.3 million) (June 2000 GBP1,234.5 million). The valuation was carried out in accordance with UK valuation standards as set out in the RICS Appraisal & Valuation Manual, having regard to rental and capital values and market circumstances as at 30 June 2001.

The value of Bluewater has grown consistently since opening.

Valuation Date	Valuation GBPm	Growth % (1)
June 1998	1,120.0	
June 1999	1,135.0	1.3%
June 2000	1,234.5	8.8%
June 2001	1,282.0	3.8%

(1) Over previous valuation.

(s) Chapelfield, Norwich

In June 1999, Lend Lease purchased a site in the centre of Norwich, located in East Anglia, England. The total purchase price for the site was GBP16.0 million (A$43.8 million), and involved an initial payment of GBP5.5 million (A$15.1 million) with the balance conditional on the receipt of planning approval. The carrying value includes development costs capitalised to date. The project currently indicates acceptable returns. The decision to progress with the development will be contingent on the success in meeting various milestones (planning, pre-leasing, exit and market conditions).

Pre-lettings have been successful and at 30 June 2001 House of Fraser was signed as Anchor and four large retailers contracted with a further one in negotiations.

While planning approval has been granted, Lend Lease is awaiting the outcome of a judicial review initiated by a third party regarding technical planning issues. The review is expected to be completed by the end of September 2001.

(t) Lend Lease Global Fund, Luxembourg (Global Fund)

Lend Lease Global Properties, SICAF (Global Fund) is the flagship global investment fund of Lend Lease Real Estate Investments established in May 1999. Lend Lease Asia Properties SICAF (Asia Properties) is a sister fund investing only in the Asian region. The Global Fund and Asia Properties are Luxembourg based real estate opportunity funds that invest in real estate properties.

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

EUROPE continued

(t) Lend Lease Global Fund, Luxembourg (Global Fund) continued

These funds have approximately USD1,500.0 million to invest (combination of debt and USD590.0 million in equity commitments). Lend Lease has committed USD100.0 million as a co-investment in the Global Fund. At 30 June 2001, Lend Lease had invested USD20.5 million (A$39.4 million). At 30 June 2001, the Lend Lease Global Fund had assets under management of USD554.0 million.

(u) Lend Lease Porto Retail (Arrabida)

Lend Lease Porto Retail is the joint venture company holding the investment in the Arrabida shopping centre in Porto, Portugal. On 30 June 1999, Lend Lease and the Global Fund each acquired a 50% interest in Arrabida. The interest is held in a joint venture with Global Properties and is equity accounted. Lend Lease's 50% interest in the joint venture was acquired for $2.0 million. The majority of the acquisition was funded by a debt facility within the joint venture (Lend Lease has provided a guarantee for its 50% share of this debt ($A26.0 million)). In addition, there is a EURO55.5 million (A$94.1 million) debt facility secured on the property (drawn to A$92.2 million at 30 June 2000).

(v) Lend Lease Retail Partnership (Retail Partnership)

The Retail Partnership is a Limited Partnership which was launched in February 1999 with GBP395.0 million committed by 10 major investors (mainly UK institutions) and Lend Lease, which committed GBP25.0 million (A$64.1 million). In March 1999 the total subscriptions increased to GBP505.0 million (A$1,294.9 million) with commitments received from an additional 9 investors. Lend Lease is the manager of the Retail Partnership which is regulated under the UK Financial Services Act.

The Retail Partnership acquired a 25% interest in Bluewater for GBP280.0 million (A$717.9 million) based on an independent valuation. The Retail Partnership has also acquired certain land interests in Solihull (in the West Midlands of the United Kingdom) for GBP17.5 million and entered into an agreement to acquire on completion in September 2001, a 100% interest in the Touchwood shopping centre, currently being developed on the land in Solihull, based on a pre-determined pricing formula.

The total advanced by investors in the Retail Partnership at 30 June 2001 was GBP309.7 million (A$848.5 million) including Lend Lease's investment of GBP15.3 million (A$42.0 million in June 2001).

(w) Overgate, Dundee (Overgate)

Overgate is a 420,000 sq.ft shopping centre in Dundee, the fourth largest city in Scotland. Since opening on schedule in March 2000, Overgate has become the leading shopping centre for the Tayside region in Scotland and has continued to trade successfully.

The Centre is anchored by a Debenhams department store and at 30 June 2001 approximately 96% of the total area was let (93% by value).

The Lend Lease Overgate Partnership (LLOP) was established in June 1999, with Lend Lease as both limited partner and general partner. LLOP owns the long leasehold and freehold interest in the Centre and entered into a development agreement with Lend Lease to complete and lease the Centre. In June 2000 an approximate 70% interest in LLOP was sold to investors for GBP95.0 million (A$243.6 million). The sale, including the final amount payable, was subject to achieving minimum leasing targets on the remaining space. The final sales price is subject to a recalculation which will take into account the impact of the lettings achieved since June 2000. If these minimum leasing targets were not met, investors had the right to rescind the sale and return the investment to Lend Lease. The leasing targets were achieved in July 2001 and as such the sale of the 70% interest will be completed in September 2001. Lend Lease raised a provision of GBP4.0 million (A$10.3 million) before tax against the development at 30 June 2000 and has retained the provision at 30 June 2001.

(x) Touchwood, Solihull (Touchwood)

Touchwood is being developed as a regional shopping centre with approximately 650,000 sq. ft of retail and leisure space in Solihull, situated in the West Midlands area of the UK. Touchwood will be anchored by the John Lewis Partnership with a 250,000 sq. ft department store and is scheduled to open in September 2001. Enabling works commenced in January 1999, and the main construction works commenced in April 1999. The total development cost (including land costs, but excluding finance costs) is expected to be approximately GBP168.6 million (A$461.9 million).

31. INTEREST IN BUSINESS UNDERTAKINGS, MAJOR PROJECTS & INVESTMENTS continued

EUROPE continued

(x) Touchwood, Solihull (Touchwood) continued

The Lend Lease Retail Partnership acquired part of the land and the development rights for Touchwood from Lend Lease in June 1999 at cost for GBP17.5 million (A$47.9 million). Lend Lease remains responsible for the design, construction and leasing of the Centre for which it will be paid a development fee on the opening of Touchwood (expected to be in September 2001). The amount of the development fee is calculated by reference to the level of rentals achieved and an agreed cap rate of 6.25%. As such Lend Lease is subject to leasing and delivery risk only.

Touchwood has been valued by Paul Wolfenden FRICS, a Director of DTZ Debenham Tie Leung Limited, Chartered Surveyors and International Property Advisors, London, at GBP204.0 million (A$558.9 million) (June 2000 GBP212.0 million). The valuation was carried out in accordance with UK valuation standards as set out in the RICS Appraisal & Valuation Manual, having regard to rental and capital values and market circumstances as at 31 May 2001 and on the assumption that the Centre was fully let and income producing. The valuation uses a cap rates of 6.0%. The valuation report was dated 26 June 2001. In response to changes to the UK retail leasing market, agreement has been reached with the Lend Lease Retail Partnership for units to be let on a turnover rent basis for which a 7.5% capitalisation rate will apply. Based on this valuation and its assumptions and the agreed capitalisation rate of 6.25% and 7.5% for base rents and turnover rents respectively, a development fee of approximately GBP173.8 million is expected to be realised.

Lend Lease is also responsible for financing the development costs up to the point of receipt of the development fee. A construction finance facility of GBP250.0 million (A$684.9 million) was established in June 1999 under which Lend Lease may drawdown up to 80% of the finance required. This was subsequently reduced to GBP150.0 million (A$411.0 million). The balance of funds required will be provided by Lend Lease. Under the terms of the facility, Lend Lease has assigned its rights to the development fee to the banks as security over the facility. Drawdowns under the facility will be defeased against the development fee receivable. The amount drawn at 30 June 2001 was GBP86.7 million (A$237.5 million).

(y) Tres Aguas (Paseo Commercial Carlos III), Madrid

Lend Lease holds a 50% interest in Tres Aguas, which is a joint venture established in September 1999 to develop a regional retail centre in Madrid, Spain.

Current status of the project is that the main construction commenced during the year ended 30 June 2001 upon attaining appropriate leasing commitments. At 30 June 2001 40% of the space was let, which was in line with the leasing plan. The centre is expected to open on schedule in September 2002.

(z) Whitecliff Properties, Kent

Whitecliff Properties was a 50/50 partnership between Lend Lease and Blue Circle Industries plc (BCI). The partnership was established to progress the development of surplus land owned by BCI, located in England. The focus of the partnership since its inception in January 1997 was to generate development proposals for land surrounding the Bluewater development. The projects included Crossways Business Park and the Stone Castle residential development. On 29 December 2000 Lend Lease sold its stake in BCI for an effective price of GBP7.0 million (A$19.0 million) for a profit after tax of GBP0.2 million (A$0.6 million). As part of the arrangement Lend Lease acquired a 12 hectare site from BCI for GBP5.0 million (A$13.7 million) which adjoins the entrance to Bluewater. The land has medium term development potential for commercial use.

Lend Lease also agreed to settle early for a discount, in accordance with the Bluewater agreement, the remaining land payment for Bluewater. The amount of GBP15.0 million (A$41.1 million), due at the end of calendar 2005 was settled for GBP11.0 million (A$30.1 million).

32. ASSOCIATES

	Balance Date	Interest June 2001 %	Interest June 2000 %	Share of Associates' Profit/(Loss) After Tax (1) June 2001 $m	Share of Associates' Profit/(Loss) After Tax (1) June 2000 $m	Book Value June 2001 $m	Book Value June 2000 $m
PROPERTY DEVELOPMENT							
Bonafacio Construction Management	30 Jun	40%	40%			0.5	
Chelverton Properties Limited	31 Mar	50%	50%	(7.0)	8.1	15.0	20.7
Jacobs Lend Lease	30 Jun	50%	50%	2.4		2.9	0.3
Japan Holdings Green Capital	30 Jun	50%	50%				1.6
THI Plc	31 Dec	25%	25%				
Tres Aguas (Paseo Commercial Carlos III), Madrid	31 Dec	49.3%	49.3%	(0.1)	(0.2)	18.8	17.7
Tuas View Development Pte Ltd	31 Mar	35%	35%				
REAL ESTATE INVESTMENTS							
DPT Operator	30 Jun	50%	50%	(2.0)		2.9	5.0
Generali LL	30 Jun	49.5%		(0.8)		0.2	
Kiwi Property Group	31 Mar			1.3	1.2	14.7	15.6
Kiwi Income Properties Ltd		50%	50%				
KDT Development Ltd		50%	50%				
KDT Management Ltd		50%	50%				
Kiwi Property Management Ltd		50%	50%				
Lend Lease Hyperion Capital Advisors, LLC	31 Dec	50%	50%	2.8	2.0	3.0	3.2
Lend Lease Porto Retail (Arrabida Shopping Centre)	31 Dec	50%	50%	0.8	0.1	3.0	2.0
Lend Lease Rosen Real Estate Securities, LLC	31 Dec	50%	50%	3.1	1.7	6.8	7.7
LLM Inversiones I, S.A. de C.V.	30 Jun	32.3%				19.7	
Morrisons	31 Mar	25%	25%		(0.2)	1.6	7.9
Thailand Pavilion Fund LL	30 Jun	39%		(0.8)			
Vestar Glendale, California	31 Dec	0%	55%				21.8
Other Associates (2)				0.5		0.7	
CAPITAL INFRASTRUCTURE							
Catalyst Healthcare (Calderdale) Plc	31 Mar	50%	50%	(0.1)		0.4	0.4
Catalyst Healthcare (Worcester) Plc	31 Mar	50%	50%	0.3		0.4	0.1
Exchequer Partnership	31 Mar	42.5%				0.6	
Other Associates (2)					0.4		1.0
				0.4	**13.1**	**91.2**	**105.0**

(1) Reflects the contribution to profit after tax from ordinary activities of equity accounted profits and losses only. Does not include any provision raised against the investment in the associates or other income such as guarantee fees etc.

(2) Other Associates include Carter Primo Chesterton, LL Canada LP and Catalyst Healthcare (Hexham) Plc. The size and impact on the results for the year of the other investments in associates as listed are not significant, separately or in aggregate, and therefore no further disclosures have been made.

32. ASSOCIATES continued

	June 2001 $m	June 2000 $m
RESULTS OF ASSOCIATES		
Share of associates' ordinary profit before income tax	0.2	15.2
Share of associates' income tax benefit/(expense) attributable to ordinary profit	0.4	(1.0)
Share of associates' net profit – as disclosed by associates	**0.6**	**14.2**
Adjustment arising from equity accounting		
Amortisation of goodwill and management agreements	(0.6)	(1.1)
Borrowing costs capitalised	0.4	
Share of associates' net profit – equity accounted	**0.4**	**13.1**
SHARE OF POST ACQUISITION RETAINED PROFITS AND RESERVES ATTRIBUTABLE TO ASSOCIATES		
RETAINED PROFITS		
Share of associates' retained profits at the beginning of the financial year	0.7	(8.1)
Share of net profit of associates	0.4	13.1
Dividends from associates	(9.9)	(4.3)
Share of associates' retained (losses)/profits at end of financial year	**(8.8)**	**0.7**
MOVEMENTS IN CARRYING AMOUNTS OF INVESTMENTS		
Carrying amount of investments in associates at the beginning of the financial year	105.0	122.2
Investment in associates acquired during the financial year	21.7	27.9
Share of associates' net profit	0.4	13.1
Dividends received from associates	(9.9)	(4.3)
Sale of associates	(25.2)	
Reduction in carrying value due to restructure of Lend Lease Porto Retail (Arrabida)		(35.5)
Other adjustments [(1)]	(0.8)	(18.4)
Carrying amount of investments in associates at end of financial year	**91.2**	**105.0**
COMMITMENTS		
Share of associates' capital expenditure and lease commitments contracted but not provided for and payable:		
Due within 1 year	0.2	4.9
Due between 1 and 5 years	0.9	0.8
Due later than 5 years	0.3	
	1.4	**5.7**
CONTINGENT LIABILITIES		
Share of associates' contingent liabilities	-	-
SUMMARY OF FINANCIAL POSITION OF ASSOCIATES		
Current assets	366.8	482.2
Non current assets	861.4	228.0
Total assets	**1,228.2**	**710.2**
Current liabilities	155.8	192.6
Non current liabilities	1,007.9	443.9
Total liabilities	**1,163.7**	**636.5**
Net assets – as reported by associates	64.5	73.7
Adjustments arising from equity accounting:		
Goodwill (net of amortisation)	6.6	8.2
Management agreements (net of amortisation)	20.1	23.1
Net assets – equity adjusted	**91.2**	**105.0**

(1) Includes exchange rate movement.

33. JOINT VENTURES

JOINT VENTURE ENTITIES

	Principal Activities	Balance Date	Share of Profit/(Loss) After Tax June 2001 $m	Share of Profit/(Loss) After Tax June 2000 $m	Interest June 2001 %	Interest June 2000 %	Book Value June 2001 $m	Book Value June 2000 $m
Bulwer Island Energy Partnership (1)	Capital Infrastructure	30 June				33%		17.0
Prospect Water Partnership (1)	Capital Infrastructure	31 Dec	0.2	0.4		15%		3.0
Bovis Projects	Capital Infrastructure	30 Dec	0.3		60%			
Whitecliff Properties (2)	Property Development	31 Dec			50%	50%		23.3
Fox Studios Australia Partnership (3)	Property Development	30 June	(16.8)	(11.7)	50%	50%	15.0	23.5
Pyrmont Trust (4)	Property Development	30 June	12.9	12.9	50%	50%	13.3	16.4
MLLVC Partnership – Precinct 3 (4)	Property Development	30 June		2.1	50%	50%	8.9	11.4
			(3.4)	**3.7**			**37.2**	**94.6**

(1) The interest in the partnership was sold during the year.
(2) The interest in the partnership was sold to BCI on 29 December 2000.
(3) Represents pre-tax loss which forms part of Lend Lease's assessable income.
(4) Disclosed in inventories. Refer Note 10.

	June 2001 $m	June 2000 $m
Lend Lease's share of the assets and liabilities of joint venture entities consists of:		
Current assets	108.0	139.7
Non current assets	366.5	327.1
Total assets	**474.5**	**466.8**
Current liabilities	197.6	338.8
Non current liabilities	239.7	33.4
Total liabilities	**437.3**	**372.2**
Other adjustments	**-**	**-**
Share of net assets – equity adjusted	**37.2**	**94.6**
Lend Lease's share of the results of joint venture entities consists of:		
Revenue	101.3	146.0
Expenses	(104.6)	(140.2)
(Loss)/profit before tax	**(3.3)**	**5.8**
Income tax expense	(0.1)	(2.1)
Net (loss)/profit after tax	**(3.4)**	**3.7**
Share of post-acquisition retained profits attributable to joint venture entities:		
Share of joint venture entities' retained (losses)/profits at beginning of year	(9.1)	0.5
Share of joint venture entities' net (loss)/profit	(3.4)	3.7
Drawings from partnerships	(2.6)	(13.3)
Investment in joint venture entities sold during the year	(0.2)	
Share of joint venture entities' retained losses at end of year	**(15.3)**	**(9.1)**

33. JOINT VENTURES continued

	June 2001 $m	June 2000 $m
Movements in carrying amount of joint venture entities:		
Carrying amount at the beginning of financial year	94.6	95.6
Contributions to the joint venture entities	24.0	112.8
Share of joint venture entities' (loss)/profit	(3.4)	3.7
Drawings from the joint venture entities		(2.5)
Other adjustments to carrying value	39.9	(18.2)
Provision for diminution	(90.6)	(96.8)
Proceeds from sale of investments	(27.3)	
Carrying amount at end of financial year	**37.2**	**94.6**

Refer to Notes 27 and 28 for details of contingent liabilities and commitments.

	Principal Activities	Share of Profit/(Loss) After Tax June 2001 $m	June 2000 $m	Interest June 2001 %	June 2000 %	Book Value June 2001 $m	June 2000 $m
JOINT VENTURE OPERATIONS							
155 Macquarie St Residential Joint Venture	Property Development		4.9		25%		164.0
88 Phillip St Commercial Joint Venture	Property Development				50%		25.0
Cempaka Partnership	Property Development				50%		1.0
Darling Park Joint Venture	Property Development		9.8	60%	60%	14.9	14.8
Manukau Wastewater Services (NZ)	Capital Infrastructure	4.6		20%	20%	6.2	1.6
Mawson Lakes Joint Venture	Property Development	0.3	0.9	25%	25%	3.9	4.2
North Lakes Development Joint Venture	Property Development	0.7	0.1	50%	50%	14.9	13.4
Seaview Project Limited	Capital Infrastructure	1.4		50%		1.2	
		7.0	**15.7**			**41.1**	**224.0**

	June 2001 $m	June 2000 $m
Included in the assets and liabilities within these consolidated financial statements are the following items which represent Lend Lease's interest in the assets and liabilities employed in joint venture operations:		
Cash	17.1	8.3
Receivables	12.3	72.9
Inventories – Properties held for resale	64.4	173.0
Property, plant and equipment	1.1	
Total assets	**94.9**	**254.2**
Provision for diminution – Darling Park Stage III	10.3	10.3
Accounts payable and borrowings	21.8	19.9
Trade creditors	21.7	
Total liabilities	**53.8**	**30.2**
Net assets	**41.1**	**224.0**

34. DIRECTORS' AND EXECUTIVES' COMPENSATION

DIRECTORS' COMPENSATION

The number of Directors of Lend Lease Corporation whose total income from the Company and related entities including fringe benefits tax, falls within the following bands:

	Company	
$000s	June 2001 Number	June 2000 Number
80 - 89		1
140 - 149	1	1
170 - 179	1	
180 - 189	1	
230 - 239	1	
240 - 249	2	1
270 - 279		1
310 - 319		1
330 - 339	1	
390 - 399		1
410 - 419		2
420 - 429		1

	Company	
$000s	June 2001 Number	June 2000 Number
460 - 469	1	
600 - 610		1
770 - 779		1
1,150 - 1,159 (1)	1	
1,850 - 1,859	1	
1,920 - 1,929		1
2,680 - 2,689		1
3,080 - 3,089		1
3,390 - 3,399 (2)	1	
3,430 - 3,439		1
4,020 - 4,029 (3)	1	
4,810 - 4,819		1
Total	**12**	**16**

(1) Includes an amount of $992,435 of entitlements paid on retirement.

(2) Includes an amount of GBP679,000 (A$1,850,136) before tax, paid in respect of contractual entitlements to housing allowances. This amount, paid as a lump sum, extinguished Lend Lease's obligation to provide housing allowances over the next three years. The amount was based upon market rent levels for appropriate accommodation in London.

(3) Includes an amount of $1,882,500 in respect of long term incentives granted in 1996 that matured during the year. This amount was effectively earned over a five year period up to 2000 and was based on the closing Lend Lease share price on 30 June 2001 of $12.55.

	Consolidated		Company	
	June 2001 $000s	June 2000 $000s	June 2001 $000s	June 2000 $000s
Total income inclusive of retirement benefits, notional value of superannuation contributions to executive directors (if in an Australian fund), market value of matured units in the Global Reward Scheme and fringe benefit tax paid or payable to Directors of the Lend Lease Group (including Directors of subsidiary Companies) from Lend Lease Corporation and related entities	67,220	57,238	12,476	20,016
Included above are Directors' fees paid or payable by Lend Lease Corporation to non executive Directors of Lend Lease Corporation	1,098	939	1,098	939
Included above are consulting fees paid or payable by Lend Lease Corporation to non executive Directors of Lend Lease Corporation	**979**	**1,615**	**979**	**1,615**

Lend Lease's previous practice was to separately disclose the total compensation paid to non-Australian based executive officers, in the executives' compensation section. Lend Lease's practice is to now include these amounts in Directors' Compensation (refer above).

EXECUTIVES' COMPENSATION

For the purpose of this disclosure, executive officers are those Australian based individuals who are involved in the strategic direction and management of the Lend Lease Group. The disclosure is in accordance with the Australian Accounting Standard AASB 1034, which requires the disclosure of the number of Australian based executive officers whose total income from Lend Lease and related entities exceeds $100,000 within the following bands:

34. DIRECTORS' AND EXECUTIVES' COMPENSATION continued

EXECUTIVES' COMPENSATION continued

$000s	Consolidated June 2001 Number	Consolidated June 2000 Number	Company June 2001 Number	Company June 2000 Number
150 - 159		1		
220 - 229		1		
260 - 269	1	2		
290 - 299	1			
310 - 319		1		
330 - 339		1		
360 - 369	1			
380 - 389	1	1		
390 - 399	2	1		
400 - 409	1	2		1
420 - 429	1	2		
430 - 439	1	1		
450 - 459		1		1
470 - 479	1	1	1	1
480 - 489		1		
490 - 499		2		1
500 - 509		3		
510 - 519	1	1		1
520 - 529		2		
530 - 539	1	1		
540 - 549	1		1	
550 - 559	1			
620 - 629	1		1	
630 - 639		1		
640 - 649	1	2	1	
650 - 659	1		1	
660 - 669		2		1
690 - 699		1		
700 - 709	1	1		1
790 - 799	1		1	
820 - 829	1		1	
850 - 859		1		
870 - 879	1		1	
890 - 899	1			
910 - 919		1		
940 - 949	1			
980 - 989		1		
1,000 - 1,009		1		1
1,060 - 1,069		1		1
1,920 - 1,929		1		1
3,080 - 3,089		1		1
3,390 - 3,399 (1)	1		1	
3,430 - 3,439		1		1
4,020 - 4,029 (2)	1		1	
4,180 - 4,189 (3)	1		1	
4,810 - 4,819		1		1
Total	**26**	**41**	**11**	**13**
	$000s	**$000s**	**$000s**	**$000s**
Total Compensation (4)	**24,571**	**35,826**	**17,073**	**19,043**

Footnotes are located on the next page.

34. DIRECTORS' AND EXECUTIVES' COMPENSATION continued

EXECUTIVES' COMPENSATION continued

(1) Includes an amount of GBP679,000 (A$1,850,136) before tax, paid in respect of contractual entitlements to housing allowances. This amount, paid as a lump sum, extinguished Lend Lease's obligation to provide housing allowances over the next three years. The amount was based upon market rent levels for appropriate accommodation in London.

(2) Includes an amount of $1,882,500 in respect of long term incentives granted in 1996 that matured during the year. This amount was effectively earned over a five year period up to 2000 and was based on the closing Lend Lease share price on 30 June 2001 of $12.55.

(3) Includes amounts totalling $4,175,150 in respect of retirement benefits.

(4) Total Income includes fringe benefits tax, notional value of superannuation contributions (if in Australian Fund), market value of matured shares in employee share plans and retirement benefits paid or payable to these executives from Lend Lease and related parties.

35. RELATED PARTY INFORMATION

DIRECTORS

The names of each person who has been a Director of the Company between 1 July 2000 and the date of this report is:

J K Conway, Chairman	Director since 1992, Deputy Chairman since 1998, appointed Chairman in November 2000
D H Higgins, Managing Director	Managing Director since 1995
A Aiello	Director since 1998
E D Cameron	Director since 1989
Y H Chua, BBM	Director since 1994
D O Crawford	Director since July 2001
G G Edington	Director since 1999
P C Goldmark	Director since 1999
D J Grady	Director since 1994
S G Hornery, AO	Director since 1977, Chairman since 1988, retired in November 2000
R A Longes, Deputy Chairman	Director since 1986, Deputy Chairman since 2000
R G Mueller, CBE	Director since 1996
R E Tsenin	Director since 1997

LOANS MADE TO DIRECTORS OF THE LEND LEASE GROUP

These loans relate to the private affairs of the individuals concerned and are disclosed to ensure compliance with Accounting Standard AASB 1017 Related Party Disclosures and the Australian Stock Exchange Listing Rules.

LOAN SCHEMES

At balance date there were 4 loans (June 2000 10) made by Lend Lease Corporation, ranging from $75,000 to $113,789 (June 2000 $17,125 to $222,000) totalling $372,373 (June 2000 $882,447).

These loans are interest free loans.

Loans made to the following Director during the year amounted to $123,531 (June 2000 $121,100).

- LS Ng

Loans repaid by the following Directors during the year amounted to $599,328 (June 2000 $515,550)

- A Kentmann, LS Ng, DLM Ong, PW Crewes, M Cameron, P Walichnowski and S McMillan.

Included in loan repayments are amounts totalling $40,000 (June 2000 $145,000) which were forgiven as part of executive compensation and are included in the Directors' and Executives' Compensation (Note 34).

SHAREHOLDINGS OF DIRECTORS OF LEND LEASE CORPORATION

At balance date, the aggregate number of issued shares held directly, indirectly or beneficially by Directors and/or Director related entities amount to 213,752 shares (June 2000 606,385 shares). During the year 12,040 (June 2000 58,476) shares were acquired and 7,036 shares were sold (June 2000 100).

35. RELATED PARTY INFORMATION continued

OTHER DIRECTOR TRANSACTIONS

Transactions entered into during the year with Directors and Director-related entities of Lend Lease within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available on similar transactions to other employees, customers or suppliers include: salaries and benefits from full time employment; dividends and distributions from shareholdings in Lend Lease Corporation and building services supplied by entities in the property services operations.

Professional fees of $Nil (June 2000 $301,559) were also paid in the ordinary course of business to Wentworth Associates Pty Limited of which Mr R A Longes is a Director and Member.

OWNERSHIP INTERESTS IN RELATED PARTIES AND TRANSACTIONS WITH CONTROLLED ENTITIES

Interests held in controlled entities and associated companies, joint ventures, partnerships and trusts, are set out in Notes 31, 32, 33 and 38 to the financial statements.

Lend Lease Corporation provides a wide range of corporate services to its controlled entities which include: administrative, advertising, accounting, employee services such as the administration of salaries and superannuation, finance, insurances, legal, public relations, company secretarial and treasury. Costs incurred in providing such services are recovered accordingly from the entities concerned.

MANAGED FUNDS

All transactions between managed property trusts and Lend Lease are determined at an arm's length commercial basis and are subject to independent assessment where appropriate and approval by an independent trustee, in the case of General Property Trust and an independent trustee or Board, for the unlisted trusts and Australian Prime Property Fund.

PROPERTY TRUSTS

Lend Lease is the fund manager for several Property Trusts. As fund manager, Lend Lease is responsible for all management activities arising from the Trust's ownership of properties. The manager is also responsible for implementing policies, monitoring the performance of each property, ensuring the return is maximised for the Trusts and for managing the liquid funds of the Trusts. For these services, Lend Lease is paid a fee in accordance with respective trust deeds.

The major Property Trusts managed by Lend Lease are:

	June 2001 $b	June 2000 $b
Gross assets:		
General Property Trust	5.7	5.2
Australian Prime Property Fund	1.3	1.1
Properties Securities	2.0	2.1
Lend Lease US Office Trust	1.2	0.9
Other domestic accounts	0.8	0.7

	Managed Funds	
	June 2001 $m	June 2000 $m
Services provided by Lend Lease		
Management of trusts	74.6	84.5
Expense reimbursements to Lend Lease		
Administrative and property rental expenses	11.8	10.9

Services provided by Lend Lease comprise:

Investment management includes strategic investment advice, total asset management and investment portfolio management.

Asset management comprises property management services, property portfolio advisory services, maintenance and insurances, strategic advice and management supervision services, administration, marketing and risk management services.

Property development includes property capital works, design and construction services, development and refurbishment.

36. STATUTORY FUNDS DISCLOSURE

It is recommended that the Consolidated Financial Statements for Lend Lease at 30 June 2000 are read in conjunction with this Consolidated Financial Report, as they contain the actuarial assumptions and disclosures of the Statutory Funds' revenues and expenses that were included in the comparatives.

37. EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2001, Lend Lease has acquired Delfin Limited, an urban community developer, through the purchase of 100% of the issued voting shares for a consideration of $171.8 million on 10 August 2001.

The financial effects of the above transaction have not been brought to account in the financial statements for the year ended 30 June 2001.

38. CONSOLIDATED ENTITIES

The material controlled entities of the Group are:

	Country of Incorp'n	Foreign Country of Business Operation	Year end 30 June 2001 Interest %	Year end 30 June 2000 Interest %
PROJECT AND CONSTRUCTION MANAGEMENT				
AUSTRALIA				
Bovis Lend Lease Pty Limited	Aust		100	100
Bovis McLachlan Pty Limited	Aust		100	100
Bovis TPC Pty Limited	Aust		100	100
Lend Lease (Taiwan) Pty Limited	Aust	Tai	100	100
INTERNATIONAL				
Bovis McLachlan Ltd	NZ	NZ	100	100
Bovis Lend Lease Holdings, Inc.	USA	USA	100	100
Bovis Lend Lease, Inc.	USA	USA	100	100
Bovis Lend Lease LMB, Inc.	USA	USA	100	100
Bovis Lend Lease Holdings Limited	UK	UK	100	100
Bovis Lend Lease Limited	UK	UK	100	100
Bovis Lend Lease International Limited	UK	UK	100	100
Bovis Lend Lease Europe	UK	UK	100	100
Bovis Lend Lease Overseas Holdings Limited	UK	UK	100	100
Bovis Lend Lease Project Consulting (Shanghai) Co Limited	Chi	Chi	100	100
Schal Bovis, Inc.	USA	USA	100	100
Bovis Lend Lease Projects Pte Limited	S'Pore	S'Pore	100	100
PROPERTY DEVELOPMENT				
AUSTRALIA				
Lend Lease Development Pty Limited	Aust		100	100
LLD Precinct 2 Pty Limited	Aust		100	100
Lend Lease Moore Park Pty Limited	Aust		100	100
Lend Lease Moore Park Management Pty Limited	Aust		100	100
INTERNATIONAL				
Lend Lease Europe Holdings Limited	UK	UK	100	100
Lend Lease Europe Limited	UK	UK	100	100
Blueco Limited	UK	UK	100	100
Lend Lease Continental Holdings Limited	UK	UK	100	100

38. CONSOLIDATED ENTITIES continued

	Country of Incorp'n	Foreign Country of Business Operation	Year end 30 June 2001 Interest %	Year end 30 June 2000 Interest %
REAL ESTATE INVESTMENTS				
AUSTRALIA				
Lend Lease Real Estate Investment Limited	Aust		100	100
Lend Lease Capital Services Limited	Aust		100	100
INTERNATIONAL				
European Retail Services Limited	UK	UK	100	100
Lend Lease Europe Retail Investments Limited	UK	UK	100	100
Lend Lease (US), Inc.	USA	USA	100	100
Lend Lease (US) Finance, Inc.	USA	USA	100	100
Yarmouth Lend Lease King of Prussia, Inc.	USA	USA	100	100
Lend Lease Investments Holdings, Inc.	USA	USA	100	100
Lend Lease Real Estate Investments, Inc.	USA	USA	100	100
Lend Lease Agri Business, Inc.	USA	USA	100	100
CapMark Services LP	USA	USA	100	100
Holliday Fenoglio Fowler, LP	USA	USA	100	100
Lend Lease Asset Management LP	USA	USA	100	100
EQUITY INVESTMENTS				
Lend Lease Custodian Pty Limited	Aust		100	100
GROUP SERVICES				
AUSTRALIAN				
Lend Lease Corporation Limited	Aust			
Lend Lease Finance Limited	Aust		100	100
Lend Lease International Pty Limited	Aust		100	100
Lend Lease Securities and Investments Pty Limited	Aust	USA	100	100
Lend Lease Management Services Limited	Aust		100	100

Abbreviations:

Aust	Australia	**S'pore**	Singapore	**USA**	United States of America
Chi	China	**Tai**	Taiwan		
NZ	New Zealand	**UK**	United Kingdom		

DIRECTORS' DECLARATION

In the opinion of the directors of Lend Lease Corporation Limited:

1. The Financial Statements and notes set out on pages 1 to 70 are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2001 and of its performance, as represented by the results of their operations and cash flows for the year ended on that date; and

   (b) complying with Accounting Standards and the Corporations Regulations 2001;

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Sydney, 16 August 2001

Signed in accordance with a resolution of directors:

J.K. Conway
Chairman

D.H. Higgins
Managing Director