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24 May 2004

The Manager
Companies Section
Australian Stock Exchange Limited

The Manager
Companies Section
New Zealand Exchange Limited

Pages: five (5) pages

Dear Sir

STOCK EXCHANGE ANNOUNCEMENT

LEND LEASE PROPOSES MERGER WITH GPT TO CREATE PROPERTY POWERHOUSE

- With Enhanced Earnings And Growth Outlook -

Lend Lease Corporation Limited ("Lend Lease") today announced a proposal to merge with the Lend Lease managed, listed property trust, General Property Trust ("GPT"), to form a single, stapled entity that will be Australia's leading diversified property group offering higher returns, a stronger, more stable growth profile and cost savings and synergies of around A\$60 million after tax per annum.

A trading halt will remain in place until 10.00am (AEST) Tuesday 25 May 2004.

Further details are included in the attached media statement.

Yours faithfully
LEND LEASE CORPORATION LIMITED

S J SHARPE
Company Secretary

MEDIA RELEASE

24 MAY 2004

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Lend Lease Chairman, David Crawford, said the merger proposal seeks to combine GPT's high quality, diversified property portfolio with Lend Lease's corporate earnings and significant development pipeline to enhance earnings and growth outlook, gain greater access to opportunities and add value for investors.

Mr Crawford said: "The merger proposal is subject to Lend Lease shareholder and GPT unitholder approval. The merged entity will be internally managed and will have the scale and capital structure needed to fully leverage domestic and targeted international opportunities, particularly in the key growth sectors of retail and urban community development.

"We have discussed the merger proposal with the independent directors of GPT and their advisors. While they are yet to evaluate fully the proposal, their initial response has been constructive," Mr Crawford said.

The merged group will become Australia's second largest listed property trust with premium grade investment assets of more than A\$10 billion, and a top 20 ASX entity with a material increase in the ASX Listed Property Trust Index weighting and an initial market capitalisation of approximately A\$10 billion.

The merged entity will have a high quality portfolio of retail, commercial, industrial and hotel properties, together with a leading, integrated property development and construction business.

Lend Lease CEO, Greg Clarke said the rationale for the merger is about providing both Lend Lease and GPT with the scale, operating model and capital structure needed to significantly increase returns and create a sustainable, high quality, stable earnings base, with a strong growth outlook.

Mr Clarke said, "The merger proposal offers significant benefits and value for both Lend Lease shareholders and GPT unitholders. For example, it will approximately double GPT's current rate of earnings growth in the first year of the merger.

"Once the full benefits of the transaction have been extracted, investors can look forward to continued superior returns.

"Investors will be able to maintain tax-advantaged trust distributions while gaining access to dividends from corporate earnings," he said.

Under the terms of the proposed merger it is proposed that:

- Lend Lease shares and GPT units be stapled in the ratio of 3.8 GPT units for every one Lend Lease share. A 47 cents per unit special distribution will also be paid to GPT unitholders on implementation.
- The merger ratio is based on the Lend Lease closing share price prior to the trading halt on Thursday 20 May 2004 of A\$10.75, and a GPT base price of A\$3.30 per unit.

The GPT base price of A\$3.30 represents a 21 per cent premium to net tangible asset backing at 31 December 2003, before any synergies and re-rate; and an 8.2 per cent implied premium to GPT's closing price on 20 May 2004, which had already traded up in relative terms since the Westfield Group merger announcement.

Based on GPT's yield of 7.3 per cent prior to the close of trading on 20 May 2004, the proposal implies a value of A\$3.46 for GPT unitholders and A\$11.36 for Lend Lease shareholders.

Full details regarding the terms and the mechanism for the merger will be provided in the Information Memoranda to be sent to investors in both entities following the release of full year results in late July/early August.

"The merger makes strategic and financial sense because Lend Lease's greatest strengths and future opportunities were almost a mirror image for GPT," Mr Clarke said.

"For example, Delfin Lend Lease is Australia's premier urban community developer through its master planned residential communities. GPT, like its stapled peers, is seeking to lift its earnings growth by accessing development returns from the residential sector.

"In the UK and US, we have an urban community development business with substantial growth opportunities; however, to leverage these fully we need more scale. GPT has that scale and in return will gain access to high quality investment opportunities.

"The other key growth sector offering major opportunities for both Lend Lease and GPT is retail, in both Australia and targeted locations offshore. More than any other asset class, the retail sector generates constant development opportunities. But if you want a certain future in this sector you have to own shopping centre assets.

"GPT has one of the best retail portfolios in Australia while Lend Lease's strong position and brand name has enabled it to create Europe's number one retail centre, Bluewater in the UK.

"GPT will eventually need to access growth internationally due to the maturity of the Australian property market. Lend Lease is ideally placed to provide this growth through its existing assets and retail development business.

"The merger with Lend Lease will also provide GPT unitholders with access to returns from one of Australia's premier wholesale property funds management businesses with almost A\$9 billion in funds under management both domestically and offshore.

"By combining our scale, asset quality, market positions, skills, people and diversity, Lend Lease and GPT can create a real estate powerhouse with significantly enhanced earnings and a very exciting growth profile.

"We believe that the merger proposal represents the best business strategy, organisational and capital management approach required to maximise investor returns in the medium to long term," said Mr Clarke.

Around 75 per cent of the merged entity's earnings will be generated in Australia, with approximately 71 per cent coming from asset ownership. The company's debt to total tangible assets ratio post merger will be around 27 per cent, consistent with GPT's current gearing, providing a strong balance sheet position to support growth and cash returns to investors into the future.

If the merger proposal is approved, the forecast pro forma annualised distribution for the 12 months to 30 June 2005 is 25.5 cents per GPT unit (assuming the special distribution is reinvested in GPT units), an increase of 15 per cent to current market consensus forecasts. For Lend Lease shareholders, the annualised distribution will increase to 82.9 cents per share, a 68 per cent increase from current market consensus forecasts.

The proposal will be effected by way of shareholder and unitholder schemes, with court approval and general meetings that will require a vote in favour of the proposal by more than 75 per cent of GPT unitholders and Lend Lease shareholders.

Lend Lease also confirmed today that it was committed to implementing the second on-market share buyback of up to 44 million shares.

This second buyback will commence once the current 10 per cent on-market buyback has been completed. We expect to utilise approximately A\$400 million for the second buyback. To the extent that the second buyback is unfulfilled on-market prior to implementation of the merger, Lend Lease intends to acquire the balance through an off-market buyback in conjunction with the merger proposal (subject to shareholder approval).

A trading halt will remain in place until 10.00am (AEST) Tuesday 25 May 2004.

ABN Amro and Carnegie Wylie have been retained by Lend Lease as joint advisors on the transaction.

ENDS

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