Lend Lease
CORPORATION

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25 July 2005

The Manager
Companies Section
Australian Stock Exchange Limited

The Manager
Companies Section
New Zealand Stock Exchange Limited

Pages: Thirty-one (31) pages

Dear Sir

STOCK EXCHANGE ANNOUNCEMENT

LEND LEASE ACCOUNTING CHANGES UNDER AIFRS MARKET

Lend Lease Corporation Limited ("Lend Lease") today conducted a briefing on the changes that will be made to the Group's financial reporting practices and accounts on implementation of the Australian Equivalents to International Financial Reporting Standards ("AIFRS") from 1 July 2005

Further details regarding the briefing are contained in the accompanying media statement and presentation.

Yours faithfully
LEND LEASE CORPORATION LIMITED

S J SHARPE
Company Secretary

MEDIA STATEMENT 25 JULY 2005

LEND LEASE READY TO IMPLEMENT AIFRS

– NO MATERIAL IMPACT ON GROUP –

In a market briefing today, Lend Lease Corporation Limited ("Lend Lease") said that while transitioning of its financial reporting to new international accounting standards involved some complexity, the changes would not materially impact the Group.

Like many large corporations, Lend Lease has had a project team working on the impact of the new standards for some eighteen months, and is now well prepared to manage transition of its accounts to the new regime known as Australian Equivalents to International Financial Reporting Standards or "AIFRS".

Lend Lease Chief Financial Officer, Roger Burrows, said: "We do not expect the introduction of AIFRS to materially affect the Group.

"The Group's underlying operating earnings growth profile will be largely unaffected by the introduction of AIFRS," Mr Burrows said.

"Introduction of the new standards will not affect Lend Lease's cashflow, nor the dividend policy.

"The payout ratio will continue to be between 60% to 80% of net operating profit excluding, of course, unrealised changes in the assessed fair value of investment properties and other investments as recognised in our profit and loss statements under AIFRS," Mr Burrows said.

There are six key areas in Lend Lease's accounts that will be affected by the new standards:

- Timing of revenue recognition for the Group's development businesses
- Intangible assets
- Defined benefit plans
- Consolidation of Lend Lease sponsored share plans
- Investments
- Financial instruments such as foreign exchange hedges.

Mr Burrows said while there were many individual changes required, cumulatively they would result in:

- A slight reduction in Group net assets from A$2.8 billion to A$2.7 billion
- An increase in reported earnings because of the removal of amortisation charges on goodwill
- The potential for some volatility in reported earnings because of the requirement for value of various elements of the balance sheet, for example. investment properties, to be marked to market each year.

ENDS

Attached: Investor presentation: "Impact of Australian Equivalents to International Financial Reporting Standards"

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Lend Lease

Impact of Australian Equivalents to International Financial Reporting Standards

Investor Briefing
July 2005

Disclaimer

Lend Lease

The information provided in this presentation is our current best estimate of the consequences for Lend Lease Corporation of adopting Australian Equivalents to International Financial Reporting Standards (AIFRS) and has not been independently verified or audited. Consequently, the information provided remains subject to change. Continued development and interpretation of accounting standards by relevant authorities, and further work on implementation by Lend Lease could affect the ultimate differences between Australian GAAP and AIFRS and their impact on the Group's financial results in future periods. No representation or warranty is made as to the accuracy, completeness or reliability of the information. Any forward looking information in this presentation has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation must not be relied upon as a recommendation or forecast by Lend Lease.

Presentation Outline

Lend Lease

- Overview
- Key Impacts
- Comments on Individual Components
- Transition Adjustments
- Reconciliation of December 2004 Income Statement
- Pro forma AIFRS Income Statement & Balance Sheet based on December 2004 Results
- Summary
- Q&A

Overview

Lend Lease

- Does not materially impact Group management decisions
- AIFRS will not affect net cash flow, ability to borrow funds, or dividend capacity
- Lend Lease will continue its current policy of paying dividends in a range of between 60% to 80% of operating profits after adjusting for unrealised changes in the assessed fair value of investment properties and equity accounted investments
- Disclosures at June 2005 will be in accordance with ASIC guidance and cover a full line-by-line reconciliation of the transition adjustments as at 1 July 2004

Impacts by Standard

Lend Lease

AASB 1	First-time Adoption of AIFRS
AASB 2	Share Based Payment
AASB 3	Business Combinations
AASB 4	Insurance Contracts
AASB 5	Non-current Assets Held for Sale / Discontinued
AASB 6	Exploration for and Evaluation of Mineral Resources
AASB 101	Presentation of Financial Statements
AASB 102	Inventories
AASB 107	Cash Flow Statements
AASB 108	Accounting Policies, Changes in Accounting Estimates
AASB 110	Events after the Balance Sheet Date
AASB 111	Construction Contracts
AASB 112	Income Taxes
AASB 114	Segment Reporting
AASB 116	Property, Plant & Equipment
AASB 117	Leases
UIG 115	Operating Leases – Incentives
AASB 118	Revenue
AASB 119	Employee Benefits (Defined Benefit Plans)
AASB 120	Accounting for Government Grants
AASB 121	Changes in Foreign Exchange Rates
AASB 123	Borrowing Costs
AASB 124	Related Party Disclosures
AASB 127	Consolidated and Separate Financial Statements
UIG 112	Consolidation – Special Purpose Entities
AASB 128	Investments in Associates
AASB 129	Financial Reporting in Hyperinflationary Economies
AASB 130	Disclosures in the Financial Statements of Banks
AASB 132	Financial Instruments: Disclosure
AASB 133	Earnings Per Share
AASB 134	Interim Financial Reporting
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Assets, Contingent Liabilities
AASB 138	Intangible Assets
AASB 139	Financial Instruments: Measurement
AASB 140	Investment Property
AASB 141	Agriculture
AASB 1004	Contributions
AASB 1023	General Insurance Contracts
AASB 1031	Materiality
AASB 1038	Life Insurance Contracts
AASB 1048	Interpretation and Application of Standards

High Impact	Medium Impact

Key Changes for the Group

Lend Lease

- Revenue recognition for the development businesses
- Intangible Assets
- Defined benefit plans (DBPs)
- Consolidation of Lend Lease sponsored share plan vehicles
- Investments
- Financial instruments (Hedge Accounting)

Overall:

- *Opening net assets decrease from A$2.8b to A$2.7b*
- *Removal of goodwill amortisation is expected to increase reported earnings*
- *Potential for some volatility in future income statements as certain elements of the balance sheet are marked to market*

Revenue Recognition for Development Businesses

Lend Lease

- Profit will be recognised at time of change of control of asset rather than at % of project complete / contract exchange

Business	Effect of Change
Delfin Lend Lease	Not material
Lend Lease Development	Mainly affects treatment of higher density projects such as Jacksons Landing and Dock 5
Senior Living	Treatment of deferred management fees
Crosby Homes	Not material
Other UK	Not material
Actus Lend Lease	Not applicable
PFIs	Not applicable

Revenue Recognition for Australian Development Businesses

Lend Lease

- Inventory revenue recognition criteria
  - Revenue will be recognised for all development properties when
    - The significant risks and rewards of ownership transfer
    - Lend Lease transfers control of the asset and retains no continuing managerial involvement, and
    - The revenues and costs can be measured reliably
  - Replaces exchange of contract and percentage completion methods

Sale of Land	Sale of Dwelling
Revenue and profit will be recognised when	Revenue and profit will be recognised when
➢ An unconditional contract of sale exists	➢ The dwelling is complete
➢ The significant building and regulatory services have been completed	➢ An unconditional contract of sale exists
➢ Title registration has occurred, and	➢ The significant building and regulatory services have been completed
➢ There is no significant credit risk	➢ Title is registered, and
	➢ There is no significant credit risk
In practice, this will be akin to settlement of contract	In practice, this will be when there is an unconditional sale of a constructed and titled dwelling

Revenue Recognition for Australian Development Businesses (cont)

Lend Lease

- Change
  - Reverse some sales that were taken to income at June 2004 against retained earnings
  - Creates a timing issue between AGAAP and AIFRS at December 2004
- Financial impact (before tax)

	Transition Impact June 04 A$m	Dec 04 A$m
Lend Lease Development projects	(13.3)	8.4
Delfin projects	(1.5)	(5.2)
Senior Living properties	(1.5)	0.7
	(16.3)	3.9

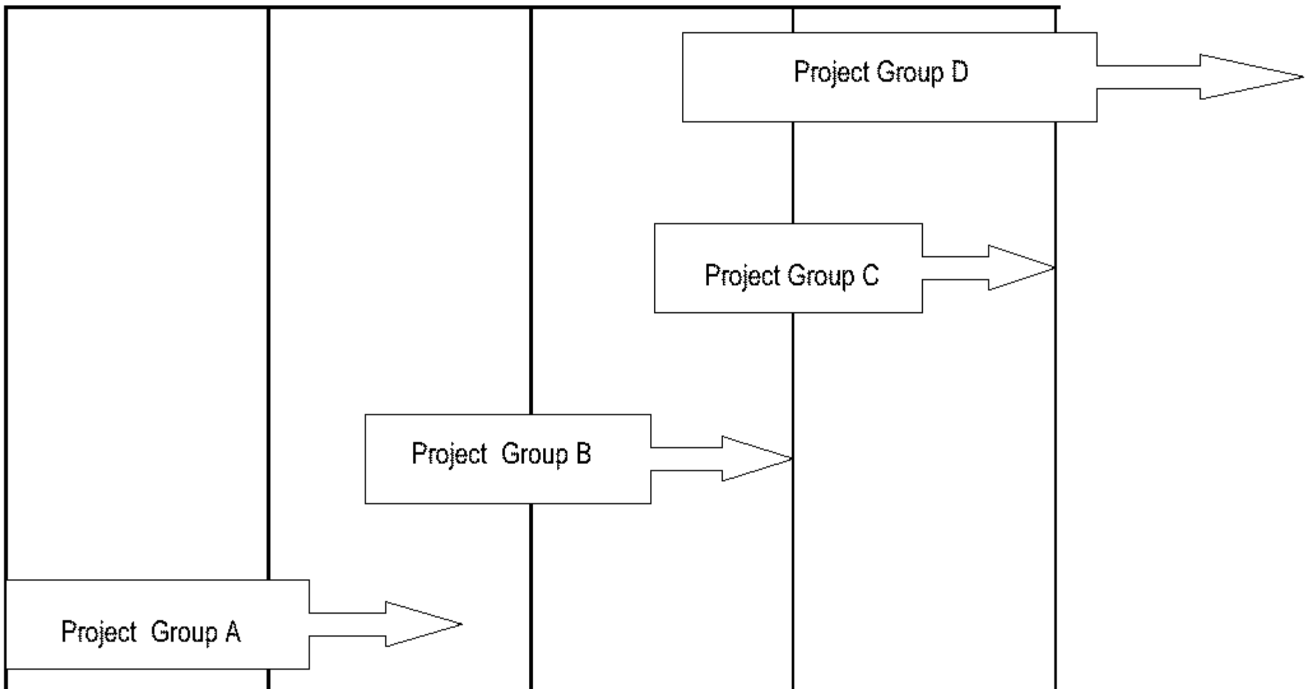
Senior Living Properties

Lend Lease

- Senior Living properties
  - Deemed to have continuing managerial involvement in most leasehold arrangements and some strata title (where there is a large sharing of a capital gain)
  - At completion of development phase, the completed inventory will be reclassified as investment property and recorded at fair value, offset by a non-interest bearing liability
  - Deferred management fees will be calculated on a present value basis
- Transition Impact

Assets	**A$m**
Investment property	186.0
Deferred management fee receivable	(37.2)
Inventory / receivable adjustment	(1.5)
Deferred tax asset	55.8
	203.1
Liabilities	
Non-interest bearing liabilities	186.0
Deferred tax liability	44.3
	230.3
Net asset impact on transition	(27.2)

Revenue Recognition for Australian Development Businesses (cont)



FY04	FY05	FY06	FY07	
	Approx (3.0)	**Approx (5.0)**	**Approx (2.0)**	**AIFRS impact A$m after tax (1)**

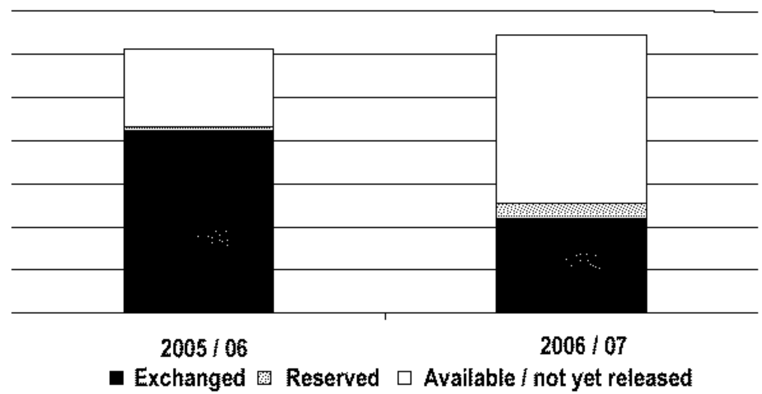
(1) Indicative impact only based on current expectations

Revenue Recognition – Crosby Homes

Lend Lease

- Pre-sold units marked to market on balance sheet post acquisition
- Minor earnings accretion in FY06 post AIFRS adjustments and funding costs
- Less significant AIFRS adjustment on FY07 earnings
- Full earnings accretion post FY07

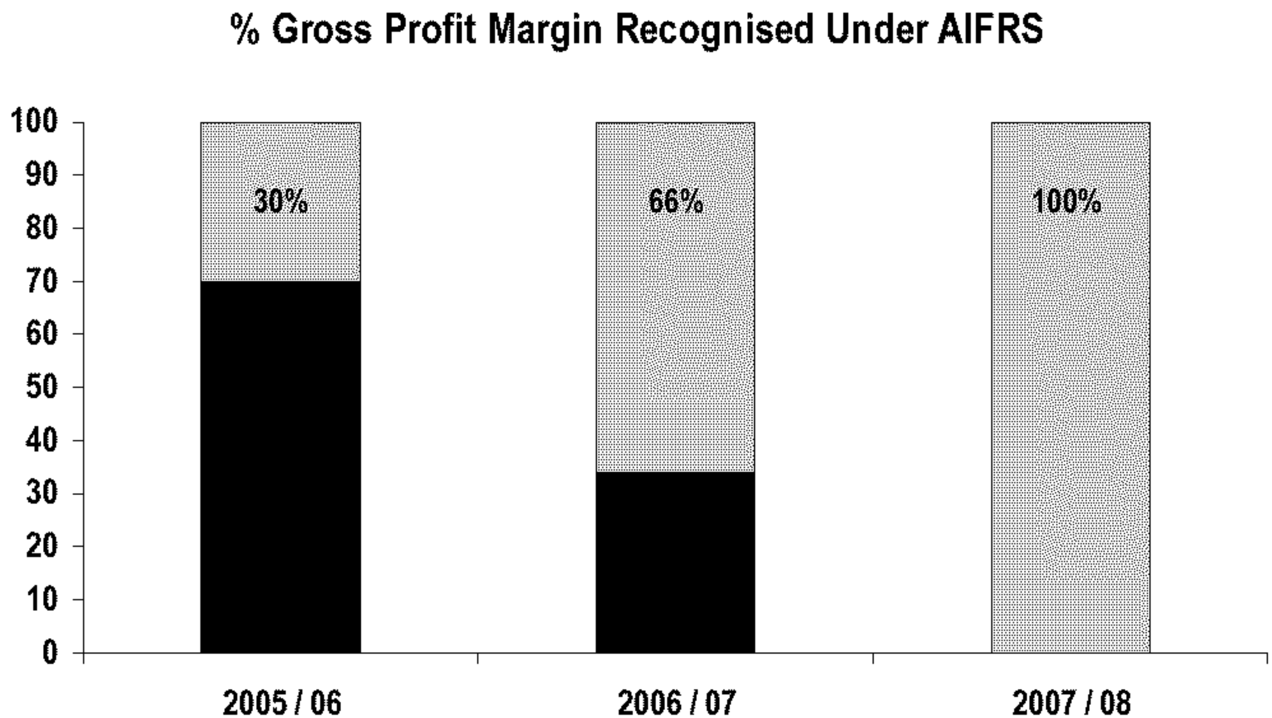
Gross profit margin secured (1)



(1) Based on Crosby forecast, before adjusting for AIFRS and Lend Lease accounting policies

Revenue Recognition – Crosby Homes (cont)

Lend Lease



Intangible Assets

Lend Lease

- Goodwill
  - Goodwill is not amortised, but tested for impairment on a periodic basis (A$20.3m increase in earnings to December 2004)
  - Impairment test more onerous than AGAAP
  - Tighter requirements on booking restructuring provisions
  - No impairments identified on transition to AIFRS

- Management Agreements
  - Reduction in amortisation period of APPF Management Agreements (from 50 years to 10 years)
  - Impact: A$2.9m write-off on transition to retained earnings
  - Ongoing amortisation charge of approximately A$3m p.a.

Defined Benefit Plans

Lend Lease

- AIFRS requires net assets or liabilities to be recognised on balance sheet
- Lend Lease has two defined benefit plans which will be recognised on transition

	A$m at June 2004
Lend Lease Australian Superannuation Fund in surplus	25.5
Bovis UK Pension Scheme in deficit (1)	(199.2)
	(173.7)

  - Booked to retained earnings on transition
  - Both plans are closed to new entrants
- The surplus or deficit is determined with reference to
  - The fair value of the plan assets; less
  - The fair value of the plan obligations
- Lend Lease has adopted the 'corridor' approach

(1) Lend Lease has no current legal or constructive obligation to make good the deficit

Defined Benefit Plans – Understanding the Corridor Approach

Lend Lease

- Actuarial gains and losses
  - Are experience adjustments such as
    - Expected future salary increases
    - Demographic assumptions (mortality rates, turnover)
  - Are only recognised in the income statement if the cumulative unrecognised actuarial gains and losses at the end of the **previous** financial reporting period exceeded the greater of
    a) 10% of the present value of the obligation; and
    b) 10% of the fair value of plan assets
  - Only an amortised amount (approximately 1/10th) is recognised if the limit is exceeded

Example	**A**	**B**
Cumulative unrecognised loss	50	200
Present value of obligation	1,200	1,200
Fair value of plan assets	1,100	1,100
10% limit	120	120
Is cumulative unrecognised loss greater than 10% limit?	No	Yes
Actuarial gain or (loss) expensed to income statement	Nil	(8)

Defined Benefit Plan – Contributions

Lend Lease

- Annual contributions are subject to actuarial assessment and comprise
  - Current service costs
  - Interest costs
  - Expected return of plan assets
  - Actuarial gains / losses (if applicable), and
  - Curtailments or settlements
- Increase in net expenses after tax to December 2004

	A$m
Lend Lease Superannuation Fund	0.6
Bovis UK Pension Scheme	(4.4)
	(3.8)

Net expense did not include any actuarial gain / loss as the Group was within the corridor limit

- Increased expense not expected to be a long term trend
  - UK contributions have been increased based on actuarial advice

Consolidation of Lend Lease Sponsored Share Plans

Lend Lease

- Amendments made to standards in December 2004 require entities to consider whether employee benefit vehicles and share plans require consolidation
- Lend Lease does not control any of its employee benefit vehicles
- Under AGAAP, Lend Lease is not required to consolidate plans
- Under AIFRS, Lend Lease is required to consolidate the majority of its employee benefits vehicles
- Minor impact on Lend Lease balance sheet
  - Small increase to net assets
- Continuing to review treatment of share plans

Investments

Lend Lease

	Investment Property		
	Equity Accounted Investments	Direct	Financial Assets
Examples	King of Prussia Overgate	Senior Living properties	APPF APIC Global Fund LL Retail Partnership Other co-investments
Accounting treatment	Mark to market to P&L	Mark to market to P&L	Mark to market to Equity (fair value reserve)

Note: Bluewater is classified as Inventory and will not be marked to market

Investment Property

Lend Lease

- Will elect fair value model
- Only applies to property held directly or through equity accounted investments
- Impacts Senior Living properties, King of Prussia and The Overgate Partnership

  Increase in book value on transition to AIFRS (at 1 July 2004)

	A$m
King of Prussia	124.8
The Overgate Partnership	6.3
	131.1
Senior Living properties	186.0
	317.1

Financial Instruments

Lend Lease

- Financial Instruments
  - Effective 1 July 2005 for Lend Lease
  - Transitional election made not to restate comparatives
- Financial Assets
  - Relates to all other investments
  - Classified as "available for sale" under the standard
  - Held at cost to June 2005
  - Any foreign exchange downside booked to the income statement to June 2005 (comparative year)
  - From 1 July 2005 any movement in fair value of asset (both underlying and currency movements) are booked to equity (fair value reserve)
  - Any amounts booked to fair value reserve reverse to the income statement upon sale of the investment

Financial Instruments (cont)

Lend Lease

- Foreign currency and interest rate risks
  - Derivative instruments principally
    - Interest rate swaps
    - Foreign exchange contracts
    - Cross currency swaps
  - No change to interest rate risk management policies under AIFRS
  - Current foreign currency hedging applicable for FY06
    - Appropriate hedge documentation in place
  - Recent revision to standard renders current foreign currency hedging ineffective post FY06
  - Approach to foreign currency hedging post FY06 under review

Transition Adjustments – July 2004

Lend Lease

	A$m	A$m
Retained earnings as at June 2004 under AGAAP		1,915.5
AIFRS Reconciliation:		
De-recognition of revenue from development properties	(16.3)	
De-recognition of Senior Living Properties deferred management fees	(37.2)	
Accelerated amortisation of APPF Management Agreement	(2.9)	
Defined benefit plans net deficit	(173.7)	
Fair value measurement of equity accounted investments (King of Prussia, Lend Lease Overgate)	131.1	
Discounting of deferred revenue to present value (Actus Lend Lease & Jacksons Landing)	(9.5)	
Movements in deferred taxes and current tax	17.0	
Resetting of foreign currency translation to zero	(32.7)	
Outside equity interest adjustment (due to discounting Actus receivable)	0.8	(123.4)
Retained earnings as at 1 July 2004 under AIFRS		**1,792.1**

Numbers are indicative only and have not been audited

Transition Adjustments – July 2004 (cont)

Lend Lease

	A$m
Net assets as at June 2004 under AGAAP	**2,835.9**
AIFRS reconciliation	
– Retained earnings adjustments	(123.4)
– Resetting of foreign currency translation to zero	32.7
– Outside equity interest adjustment (due to discounting Actus receivable)	(0.8)
Net assets as at 1 July 2004 under AIFRS	**2,744.4**

Numbers are indicative only and have not been audited

Reconciliation of December 2004 Income Statement

Lend Lease

	A$m	A$m
Profit After Tax to Dec 2004 under AGAAP		**128.5**
Revenue re-recognition Communities business (including Senior Living)	3.9	
Reduction in deferred management fees: Senior Living Properties	(1.0)	
Defined benefit plan expenses	(5.4)	
Elimination of distribution from Lend Lease share plan (EIT) (1)	(3.4)	
Reversal of goodwill amortisation	20.3	
Fair value movements of equity accounted investments	8.1	
One-off foreign exchange provisions for Global Fund, IDDF, APIC (2)	(19.2)	
Other	(0.5)	
	2.8	
Income tax expense	(1.3)	
Profit After Tax to Dec 2004 under AIFRS	**1.5**	**130.0**

Numbers are indicative only and have not been audited

(1) Distributions from share plans fund the activities of Lend Lease Foundation. Distributions are discretionary and are currently under review.

(2) From 1 July 2005 foreign exchange volatility relating to Lend Lease's foreign denominated co-investments will be recorded against a fair value reserve. If assets are sold, gain or loss on sale including FX movements will be recorded in the income statement

Pro forma Income Statement

Lend Lease

	6 months to Dec 2004 AGAAP A$m	AIFRS A$m	Movement A$m
Revenue [1]	4,302.1	4,305.1	3.0
Expenses	(4,026.5)	(4,045.9)	(19.4)
EBITDA	275.6	259.2	(16.4)
Depreciation and amortisation	(30.3)	(10.0)	20.3
EBIT	245.3	249.2	3.9
Net interest revenue	9.4	8.3	(1.1)
One-off items after tax [2]	(38.6)	(38.6)	-
Tax expense and minorities	(87.6)	(88.9)	(1.3)
Net Profit After Tax	128.5	130.0	1.5
Earnings per share	32.2¢	32.6¢	0.4¢

(1) Includes share of net profits of associates and joint ventures accounted for using the equity method

(2) Includes gains on exiting the REI businesses (A$12.2m), cost savings implementation expenses (A$25.3m) and Lend Lease/GPT merger costs (A$25.5m)

Pro forma Balance Sheet

Lend Lease

	As at Dec 2004 AGAAP A$m	As at Dec 2004 AIFRS A$m	Increase / (decrease) A$m
Tangible assets	6,136.1	6,537.2	401.1
Intangibles	644.0	660.9	16.9
Total asset	6,780.1	7,198.1	418.0
Total debt	1,041.5	1,041.5	-
Other liabilities	2,905.6	3,399.5	493.9
Total liabilities	3,947.1	4,441.0	493.9
Net assets / Shareholders equity	2,833.0	2,757.1	(75.9)
Debt to total tangible assets	17.0%	15.9%	
Debt / (Equity + Debt)	26.9%	27.4%	
Net asset backing per share	$7.11	$6.92	
Net tangible asset per security	$5.49	$5.26	

Summary

Lend Lease

- Overall not a significant issue for Lend Lease
  - Complex transition
  - Potential for some increase in volatility of reported earnings
  - Underlying operating earnings growth profile largely unaffected
  - Cash flow and borrowing capacity unaffected
  - Dividend policy unaffected
  - Line-by-line transition data to be provided with 2005 accounts