



Lend Lease Corporation
Limited

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4 May 2006

The Manager
Companies Section
Australian Stock Exchange Limited

The Manager
Companies Section
New Zealand Stock Exchange Limited

Pages: Four (4) pages

Dear Sir

STOCK EXCHANGE ANNOUNCEMENT

LEND LEASE AND BANK OF SCOTLAND CREATE A\$124 MILLION PFI JOINT VENTURE

Lend Lease Corporation Limited ("Lend Lease") today announced that its subsidiary, Bovis Lend Lease Holdings Limited, and Bank of Scotland, part of the HBOS plc group, have entered into a 50/50 Joint Venture which will initially hold and manage A\$124 million equity investments in 11 PFI projects.

Prior to the Joint Venture, Bovis Lend Lease held equity interests in all 11 projects, while Bank of Scotland held interests in 9. All projects have reached financial close and are, with the exception of Leeds Hospital, in the operational phase of what are typically 25-35 year develop, construct and manage contracts.

Under the Joint Venture, the parties will equalise their investments in the 11 PFI projects. Bovis Lend Lease will receive a net payment of A\$25 million as its shareholdings across the portfolio were greater than that of Bank of Scotland.

Bovis Lend Lease will recognise an after tax gain of approximately A\$20 million as a result of equalising investments while retaining an ongoing interest in equity returns from the portfolio through the Joint Venture.

Further details are included in the attached media statement.

Yours faithfully
LEND LEASE CORPORATION LIMITED

S J SHARPE
Company Secretary



MEDIA RELEASE

4 MAY 2006

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Bovis Lend Lease will recognise an after tax gain of approximately A\$20 million as a result of equalising investments while retaining an ongoing interest in equity returns from the portfolio through the Joint Venture.

Bovis Lend Lease CEO, Bob Johnston, said the Joint Venture with Bank of Scotland was strategically important to Lend Lease from both an investment and operational point of view.

"Bank of Scotland is highly experienced in the UK PFI market and is our preferred partner. In the Joint Venture we can achieve a number of advantages that would not flow to the parties operating on a stand-alone basis," Mr Johnston said.

"The Joint Venture structure is consistent with Lend Lease's business model because it increases the potential velocity of our capital, while maintaining access to long-term investment, construction and facilities management earnings streams.

"It is a key plank in our plan to optimise funding flexibility and strategic capabilities to participate in future PFI market opportunities," Mr Johnston said.

Gershon Cohen, Head of Infrastructure Origination for Bank of Scotland's Infrastructure Finance team, commented: "Bovis Lend Lease is one of a number of leading partners with whom we have worked extensively in the PFI/PPP sector. This Joint Venture takes the relationship a big step forward, meeting the public sector's needs for owner/operator partners for major infrastructure renewal".

Lend Lease has a total investment portfolio of 14 PFI projects in the UK and Ireland that have so far reached financial close. Roehampton, Romford and Manchester Hospital PFI projects are not included in the initial Joint Venture with Bank of Scotland.

The 14 projects represent a total construction value of around A\$3.4 billion. Eleven of these projects are operational while three are still under construction. Prior to the Joint Venture with Bank of Scotland, the Bovis Lend Lease total equity commitment to the 14 projects was A\$114 million, of which A\$58 million is already invested.

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Attachment: Bovis Lend Lease PFI Portfolio Summary

**Attachment to Lend Lease Corporation Limited ASX and Media Announcement
“Lend Lease and Bank of Scotland create A\$124 million PFI Joint Venture”, 4 May 2006**

BOVIS LEND LEASE PFI PORTFOLIO SUMMARY

Project	Sector	Current Status	Construction Value	Total Equity Prior To JV ⁽¹⁾	Total Equity Post JV ⁽¹⁾
			£m	£m	£m
Projects included in Lend Lease / Bank of Scotland PFI JV					
Calderdale Hospital	Healthcare	Operational	87.0	1.7	3.5
Worcester Hospital	Healthcare	Operational	82.6	1.6	1.1
Hexham Hospital – Phase 1 & 2	Healthcare	Operational	28.9	0.6	0.6
Burnley Hospital	Healthcare	Operational	27.1	0.9	0.9
Leeds Hospital	Healthcare	Under construction ⁽²⁾	175.2	9.9	9.9
Newcastle Schools	Education	Operational	49.1	1.8	1.8
Lincoln Schools	Education	Operational	19.8	1.3	1.3
Lilian Baylis School	Education	Operational	12.6	0.8	0.8
Cork Maritime College (Ireland)	Education	Operational	31.0	2.2	2.2
Treasury 1	Accommodation	Operational	114.1	3.6	1.8
Treasury 2	Accommodation	Operational	147.6	3.9	2.0
Sub-total of all projects included in JV			775.0	28.3	25.9
<i>In A\$m</i>			<i>1,854</i>	<i>68</i>	<i>62 ⁽³⁾</i>
Projects not included in Lend Lease / Bank of Scotland PFI JV					
<u>Projects which have reached Financial Close:</u>					
Roehampton Hospital	Healthcare	Operational	55.3	1.7	1.7
Romford Hospital	Healthcare	Under construction ⁽⁴⁾	218.6	7.0	7.0
Manchester Hospital	Healthcare	Under construction ⁽⁵⁾	382.3	10.5	10.5
Sub-total of all projects which have reached Financial Close			1,431.2	47.5	45.1
<i>In A\$m</i>			<i>3,424</i>	<i>114</i>	<i>108</i>
<u>Projects which are currently at Preferred Bidder:</u>					
Hexham Hospital – Phase 3 ⁽⁶⁾	Healthcare	Preferred Bidder	19.0	1.0	1.0
Sheffield University Accommodation ⁽⁷⁾	Education	Preferred Bidder	163.0	8.2	8.2
Lancashire Waste ⁽⁸⁾	Waste	Preferred Bidder	200.0	7.5	7.5
Lancashire BSF – Phase 1 ⁽⁹⁾	Education	Preferred Bidder	80.0	4.0	4.0
Total Bovis Lend Lease PFI portfolio			1,893.2	68.2	65.8
<i>In A\$m</i>			<i>4,529</i>	<i>163</i>	<i>157</i>

(1) Total equity represents equity invested to date plus future committed equity

(2) Leeds Hospital: operational in Q1 calendar 2008

(3) PFI Joint Venture manages A\$124m equity investments, with each party's respective interest being A\$62m

(4) Romford Hospital: operational in Q4 calendar 2006

(5) Manchester Hospital: operational in calendar 2010

(6) Hexham Hospital – Phase 3: indicative construction value of £19m, assumes 10% equity funding, Lend Lease 50% share

(7) Sheffield University Accommodation: indicative construction value of £163m, assumes 10% equity funding, Lend Lease 50% share

(8) Lancashire Waste: indicative construction value of £200m, assumes 15% equity funding (higher level of equity due to newer sector), Lend Lease 25% share

(9) Lancashire BSF – Phase 1: indicative construction value of £80m (represents Phase 1 only), assumes 10% equity funding, Lend Lease 50% share

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