

Company registration number: 03196202

Lendlease Europe Limited

Annual Report and Financial Statements

for the year ended 30 June 2023



Lendlease Europe Limited

Contents

Strategic Report	1 to 4
Directors' Report	5 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report to the Directors of Lendlease Europe Limited	8 to 12
Statement of Profit or Loss and Other Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 to 39

Lendlease Europe Limited

Strategic Report for the year ended 30 June 2023

The directors of Lendlease Europe Limited present their report for the financial year ended 30 June 2023.

Principal activity

The principal activity of the Company is to provide head office functions and facilities for the Lendlease group of companies in the Europe region. The Company also holds investments.

Business review

The Company recorded a loss after tax of £8.9m (2022: loss of £57.0m).

The Company finished the year with a net liability position of £88.1m (2022: net liability of £79.2m). The net liability position increased in the current year to fund the working capital requirements of the Company

Principal risks and uncertainties

The Lendlease risk management approach recognises the nature and level of risk that the Company is willing to accept to achieve its strategic goals and key performance targets. Our approach to risk management is focused on:

- Aligning Board and management to drive informed and consistent decision making;
- Achieving effective and efficient allocation of capital and resources;
- Providing an understanding of risk limits;
- Providing context for the identification, reporting and management of risks; and
- Creating a culture of risk awareness and accountability.

Risk awareness, governance and improvement underpin the Lendlease approach, which has evolved with the business and external market.

Accountability and responsibility for risk governance and management is held at various levels across the Lendlease business including the Board and Board Committees, Group Leadership, Regional Leadership, Business Operations and Specialist Functions such as Corporate Risk and Insurance, Operational Assurance and Performance, and Internal Audit.

Although many of the risk factors influencing the business are macroeconomic, others are particular to our operations. The section following highlights some of the risks and uncertainties that affect the Lendlease Group as whole, although it is not intended to be an extensive analysis of all such risks that exist.

Lendlease Europe Limited

Strategic Report for the year ended 30 June 2023 (continued)

	Description	Mitigation
Health, Safety and Wellbeing	Failure to provide an environment which promotes health, safety and wellbeing impacting our ability to achieve our corporate and social responsibilities.	We are committed to the health, safety and wellbeing of our people. Through our Global Minimum Requirements (GMRs), which include both physical safety and health and wellbeing, we empower our people to operate in a consistent standard across all our operations.
Disruption	Responsiveness to disruption, including digital disruption as well as other new methods and materials emerging in the investment, development and construction sectors.	With the increasing dependence on technology, our strategic intent aims to turn disruption into an opportunity by creating a culture that fosters innovation and focuses on adopting leading edge technologies, to deliver innovative solutions, and generate a competitive point of difference.
Commercial	Commercial performance fails to meet our corporate objectives.	Our capital deployment guidelines mitigate risk and improve performance. Quarterly business reviews assess business operations against approved strategy to drive consistent, focused and risk assessed investment decisions.
Execution	Failure to execute strategy or projects affects our ability to meet our corporate objectives.	Our risk management approach and use of stage gates across our property and construction operations contributes to the mitigation of execution risk. To inform our investment decisions, we use global internal research to develop a house view of property cycles in every region.
Geopolitical	Global and local events or shifts in government policy occurs in the region in which we operate, adversely impacting our ability to achieve strategic objectives. Failure to adequately understand government's mandate, expectations and performance standards.	We are committed to growing our business in sectors that are supported by positive global trends. We are sensitive to geopolitical shifts and concentration risk and coordinate our approach to government to mitigate against sovereign risk.
Regulatory and Counterparty	Non compliance with regulatory and policy requirements by Lendlease or our clients/suppliers. Client, investor, or supply chain ethics fail to meet Lendlease standards. Failure to adequately select, govern, and drive value from counterparties. Failure to comply with government regulations impacts our ability to access government opportunities.	To further improve our culture of compliance, we focus on aligning business priorities with the necessary compliance and assurance measures. We are focused on maintaining an ethical supply chain to ameliorate the risk of material substitution and modern slavery. We have an appetite for relationships with parties who are aligned with our values.

Lendlease Europe Limited

Strategic Report for the year ended 30 June 2023 (continued)

	Description	Mitigation
Corporate Culture	Failure to create and maintain culture which supports Lendlease's core behaviours, principles and values to drive disciplined strategy execution.	Our values drive our approach to business and delivery of long term value. We empower our people to make business decisions that are aligned to our core values and behaviours, principles, and pillars of value. To provide a 'voice of risk', we have separate reporting routes outside those who can influence risk issues through optimism bias.
Cyber/Data Governance/Asset Protection	Failure of cyber resilience and defence systems. Leakage, misappropriation or unauthorised storage of data. Unauthorised control of systems and physical asset infrastructure (i.e. lifts, security, air conditioning).	Physical and data security continue to be key focus areas globally. We invest in preventative technology and education of employees to achieve a sustainable security culture.
Customer	Loss of existing client (including government) relationships, or inability to tailor services to future clients' needs, impacting Lendlease's financial objectives.	Bid leadership training of key employees reinforces understanding of customers' requirements. Recurrent client survey feedback informs our business strategy. A single platform assists in customer data security and aligns customer service across all regions.
Non Scalable Growth	People: inability to attract, retain, and upskill key talent necessary to deliver. Process: lack of scalable processes to support predictable growth.	To deliver the desired level of performance, we continue to invest in growing our core capabilities through active talent management and targeted professional employee development to attract, retain and grow the best people. Our processes are designed to be consistent, scalable and effective.
Corporate and Environmental Sustainability	Failure to comply with regulatory, societal and investor expectations of corporate and environmental sustainability such as climate change and social responsibility.	We are committed to creating the best places and optimising our corporate and environmental sustainability performance (including climate change and social responsibility) through our Sustainability Framework and integrating sustainability considerations into our business strategies.
Business Continuity	Failure to properly plan for and/or appropriately respond to events which may disrupt Lendlease's business.	To achieve organisational resilience, we are committed to operating in a way that supports our business being able to respond to threats and disasters without affecting our core business operations. We continue to invest in learning and development of our people to better prepare them in the event of disruption through training programs and various threat scenario simulations to stress test the plan.

Lendlease Europe Limited

Strategic Report for the year ended 30 June 2023 (continued)

Companies Act 2006 - s.172 Statement

s172(1) of the Companies Act requires Directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as whole. The Directors are aware of their responsibilities to promote the success for the benefit of its members in accordance with the above and have acted in accordance with these responsibilities during the year. Directors of Lendlease European companies are provided with regular training and are briefed on their duties under the Companies Act, including their duty under s.172 of the Act.

Lendlease European companies operate within the broader Lendlease Group headed by Lendlease Corporation Limited in Australia. The Lendlease Group operates with a high standard of risk governance and management which is implemented within the Europe region. The Lendlease Group's approach to risk management focuses on aligning its Board and management to drive informed and consistent decisions, achieving effective and efficient allocation of capital and resources, providing an understanding of risk limits, providing a context to identify, report and manage risks, and creating a culture of risk awareness and accountability. This framework supports the Directors of the Company in making the right decisions that will promote the success of the Company for the benefits of its members as a whole. Further details of key risks the Lendlease Group may face and the ways we aim to mitigate these can be found in the Group's Annual Report (www.lendlease.com).

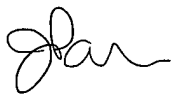
Outlook

With the support of the Lendlease Europe Holdings Limited (the consolidated group), the Company is monitoring the impacts of the Russia-Ukraine war which began in February 2022, including the potential longer-term impacts on broader financial markets. The consolidated group does not have a business presence in either country.

Heightened geopolitical tensions are impacting the global economy, creating volatility across the global markets, reflected most notably in higher energy prices and rising inflation. The consolidated group will continue to actively monitor global political and economic risk to support the business and the Board in understanding the potential landscape, ensuring resilience framework is up to exposures and mitigation strategies.

There has been no indication of likely future developments in the business, nor any event or circumstance since the end of the financial year to the date of this report that would significantly affect the Company.

Approved by the Board 22/02/2024 and signed on its behalf by:



.....
J H Park
Director

Lendlease Europe Limited

Directors' Report for the Year Ended 30 June 2023

The directors of Lendlease Europe Limited present their report for the financial year ended 30 June 2023.

Directors of the company

The following persons held office as directors of the Company during the financial year and up to the date of this report:

J D Clark (resigned 31 October 2023)

L M Leplar (appointed 11 August 2022 and resigned 30 June 2023)

J H Park (resigned 19 August 2022 and reappointed 28 June 2023)

Results

The Company's loss after tax for the year was £7.8m (2022: loss of £57.0m).

The Company finished the year with a net liability position of £88.1m (2022: net liability of £79.2m). The Intercompany payable balance with the parent company has increased as a result of movement in working capital.

Dividends

The directors do not recommend the payment of a dividend (2022: £nil).

Political donations

The Company made no political donations or incurred any political expenditure during the year (2022: £nil).

Research and development

Innovation is part of the Lendlease Group's heritage and is embedded in the approach to business.

The company will continue to perform principal activities as described in Note 1.

Events after the balance sheet date

There were no material events subsequent to the end of the financial year.

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Lendlease Europe Limited

Directors' Report for the Year Ended 30 June 2023 (continued)

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 22/02/2024 and signed on its behalf by:



.....
J H Park
Director
5 Merchant Square
Level 9
Paddington
London
W2 1BQ

Lendlease Europe Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Directors of Lendlease Europe Limited

Opinion

We have audited the financial statements of Lendlease Europe Limited ("the company") for the year ended 30 June 2023, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the summary of significant accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Independent Auditor's Report to the Directors of Lendlease Europe Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Lendlease Group’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Lendlease Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment of inventory. On this audit we do not believe there is a fraud risk related to revenue recognition as revenue is routinely transactional in nature with a limited number of customers.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias

Independent Auditor's Report to the Directors of Lendlease Europe Limited (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report to the Directors of Lendlease Europe Limited (continued)

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

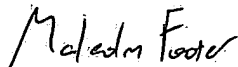
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report to the Directors of Lendlease Europe Limited (continued)

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Malcolm Footer
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
United Kingdom
E14 5GL

Date: 22 February 2022

Lendlease Europe Limited

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2023

	<u>Note</u>	<u>2023</u> <u>£ 000</u>	<u>2022</u> <u>£ 000</u>
Revenue		37,020	33,758
Administrative expenses		<u>(39,964)</u>	<u>(96,003)</u>
Results from operating activities	4	<u>(2,944)</u>	<u>(62,245)</u>
Finance costs	7	<u>(7,678)</u>	<u>(5,654)</u>
Net finance cost		<u>(7,678)</u>	<u>(5,654)</u>
Loss before tax		(10,622)	(67,899)
Income tax benefit	9	<u>2,781</u>	<u>10,922</u>
Loss after tax		<u>(7,841)</u>	<u>(56,977)</u>
Total comprehensive loss after tax		<u><u>(7,841)</u></u>	<u><u>(56,977)</u></u>

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 16 to 39.

Lendlease Europe Limited

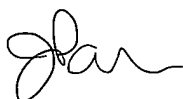
Statement of Financial Position as at 30 June 2023

	Note	2023 £ 000	2022 £ 000
Non current assets			
Trade and other receivables	10	476	447
Investments	11	29,080	28,730
Deferred tax assets	9	14,589	12,305
Property, plant and equipment	12	3,685	2,892
Total non current assets		47,830	44,374
Current assets			
Trade and other receivables	10	38,842	60,779
Current tax assets		474	387
Total current assets		39,316	61,166
Total assets		87,146	105,540
Non current liabilities			
Trade and other payables	14	(799)	(1,351)
Total non current liabilities		(799)	(1,351)
Current liabilities			
Trade and other payables	14	(160,528)	(155,389)
Provisions	15	(1,685)	(1,496)
Bank overdraft	13	(11,216)	(26,545)
Total current liabilities		(173,429)	(183,430)
Total liabilities		(174,228)	(184,781)
Net (liabilities)/assets		(87,082)	(79,241)
Equity			
Issued capital	17	1,512	1,512
Retained earnings		(88,594)	(80,753)
Total equity		(87,082)	(79,241)

The notes to and forming part of these financial statements are set out on pages 16 to 39.

22/02/2024

These statements were approved by the Board on and signed on its behalf by:



.....
J H Park
Director

Company Registration Number: 03196202

Lendlease Europe Limited

Statement of Changes in Equity for the year ended 30 June 2023

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2022	1,512	(80,753)	(79,241)
Total comprehensive income			
Loss for the year	-	(7,841)	(7,841)
Total comprehensive income	-	(7,841)	(7,841)
At 30 June 2023	1,512	(88,594)	(87,082)

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2021	1,512	(23,776)	(22,264)
Total comprehensive income			
Loss for the year	-	(56,977)	(56,977)
Total comprehensive income	-	(56,977)	(56,977)
At 30 June 2022	1,512	(80,753)	(79,241)

The notes to and forming part of these financial statements are set out on pages 16 to 39.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023

1 General information

Lendlease Europe Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 03196202.

The address of its registered office is:

5 Merchant Square

Level 9

Paddington

London

W2 1BQ

United Kingdom

Principal activity

The principal activity is to provide head office functions and facilities for the Lendlease group of companies in the Europe region. The Company also holds investments.

2 Basis of preparation

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the financial statements, the Company has taken advantage of the following disclosure exemptions available under FRS 101:

- IAS 7: Preparing a cash flow statement and related notes;
- IAS 8: The listing of new or revised standards that have not been adopted (and information about the likely impact);
- IFRS 7: Financial instruments and financial risk disclosures;
- IAS 1: Disclosures in respect of capital management;
- IFRS 13: Fair value measurement disclosures;
- IAS 24: Disclosure of related party transactions entered into between members of the group, providing that any subsidiaries party to the transaction are wholly owned;
- IAS 24: Disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

2 Basis of preparation (continued)

As the consolidated financial statements of Lendlease Europe Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

IFRS 2 Share Based Payments in respect of group settled share based payments;

Amounts are presented in pounds sterling, with all values rounded to the nearest thousand pounds unless otherwise indicated.

These financial statements are the separate financial statements of Lendlease Europe Limited. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included by full consolidation in the IFRS compliance consolidated financial statements of the parent, Lendlease Europe Holdings Limited. Refer to note 18 to obtain Lendlease Europe Holdings Limited's financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Summary of significant accounting policies and key accounting estimates

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Changes in accounting policy

New and Revised Accounting Standards Adopted 1 July 2022

The following accounting standards, interpretations and amendments have been adopted by the Company in the year ended 30 June 23:

Amendments to the following standards:

- IAS 37: Onerous Contracts-Cost of Fulfilling a Contract (effective date 1 January 2022)
- Amendments to References to the Conceptual Framework in IFRS 3 (effective date 1 January 2022)
- IAS 16: Property, Plant and Equipment-Proceeds before Intended Use (effective date 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2022 (effective date 1 January 2022)

These amended standards did not have a material effect on the Company.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

2 Basis of preparation (continued)

New Accounting Standards and Interpretations Not Yet Adopted

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements at 30 June 2023. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 17 Insurance Contracts (effective date 1 January 2023)

Amendments to the following standards:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date 1 January 2024)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023)
- IAS 12 Income Taxes - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023)
- IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2 Making Materiality Judgements (effective date 1 January 2023)
- IFRS 16 - Leases on sale and leaseback (effective date 1 January 2024)
- IAS 1 - Non-current liabilities with covenants (effective date 1 January 2024)
- IAS 7 and IFRS 7 on Supplier finance arrangements (effective date 1 January 2024)

The Directors do not expect the standards above to have a material effect. The Company has chosen not to adopt any of the above standards and interpretations earlier than required

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

2 Basis of preparation (continued)

Going concern

Notwithstanding net current liabilities of £88.1m as at 30 June 2023 and a loss for the year then ended of £8.9m the financial statements have been prepared on a going concern basis which the directors consider to be appropriate.

The directors have considered the cash requirements of the Company for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, that the Company is dependent for its working capital on funds provided to it by Lendlease Europe Holdings Limited "LLEH" the Company's ultimate UK parent entity.

LLEH has indicated its intention to continue to make available financial support for at least twelve months from the signing date of these financial statements, or earlier, to such period when either LLEH or the Company ceases to be part of the group headed by LLEH, to enable the Company to trade, and not to call for settlement of amounts owing to LLEH where to do so would place the Company in an insolvent position. LLEH itself has been provided with a letter of support from Lendlease International Pty Limited which accepts responsibility of providing and undertakes to provide, sufficient financial assistance to LLEH, as and when it is required, to enable LLEH to continue its operations and fulfil all of its financial obligations. This support covers a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors of the Company acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors have considered the liquidity of the Company going forward, in particular adverse effects due to the ongoing increase in energy prices and rising inflation and have deemed that due to the support available from Group undertakings, they believe that the Company is well placed to manage its financing and future commitments over a period of at least 12 months from the date of the financial statements.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements that comply with IFRS requires management to make judgements, estimates and assumptions which can affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised prospectively. Accounting judgements that have the most significant effects on reported amounts and further information about estimated uncertainties are highlighted in the relevant accounting policy in note 3.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies

Revenue recognition

Provision of services

Revenue from the provision of services is recognised in the Statement of Profit or Loss over time as services are rendered. The transaction price depicts the amount of consideration to which the Company expects to be entitled in exchange for transferring the services.

Employee benefits

Employee benefits are expensed as the related service by the employee is provided and includes both equity and cash based payment transactions. Employee benefits are recognised in the Statement of Profit or Loss net of recoveries.

Depreciation and amortisation

Depreciation is charged to administrative expenses within the Statement of Profit or Loss on a straight line basis over the estimated useful lives of items of property, plant and equipment, and major components that are accounted for separately. Depreciation is provided on leasehold improvements over the remaining term of the lease. Most plant is depreciated over a period not exceeding 20 years, furniture and fittings over 3 to 15 years, and computer equipment over 3 years. Land is not depreciated.

Leases

As a lessee, the Company assesses whether a contract is or contains a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether:

- The contract involved the use of an identified asset;
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

For the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

The Company's primary leasing activities are for office space in the regions and cities in which it operates. There are no material future cash outflows to which the Company is potentially exposed that are not reflected in the measurement of lease liabilities, and there are no material restrictions or covenants imposed by the Company's leases.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies (continued)

Measurement

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises:

- The initial amount of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Initial direct costs; and
- Restoration cost.

Right-of-Use Assets

Right-of-use assets which meet the definition of property, plant and equipment form part of the property, plant and equipment balance and are measured at cost less accumulated depreciation in accordance with IAS16 Property, Plant and Equipment.

Right-of-use assets which meet the definition of investment property form part of the investment property balance and are measured at fair value in accordance with IFRS 40 Investment Property.

Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liability comprise the following:

- Fixed payments offset by any lease incentives;
- Variable lease payments, for lease liabilities which are tied to a floating index;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price of purchase options (if it is reasonably certain that the option will be exercised); and
- Payments of penalties for terminating leases, if the lease term reflects the lease terminating early.

Lease liabilities are subsequently measured by:

Increasing the carrying amount to reflect interest on the lease liability;

- Reducing the carrying amount to reflect the lease payments made; and
- Remeasuring the carrying amount upon the occurrence of certain events (such as a change in the lease term or lease payments).
- When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset and is recorded in the profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Presentation

Items relating to leases are presented as follows:

- Right-of-use assets are recognised in the Statement of Financial Position within the same line item as that within which the corresponding underlying assets would be presented if they were owned by the Company, within either Property, plant and equipment or Investment property;
- Lease liabilities are recognised within Trade and other payables in the Statement of Financial Position and split between current and non-current liabilities;
- Depreciation charge for right-of-use assets is recognised within Other expenses; and
- Interest expense on lease liabilities is recognised within Finance costs.

Short term leases

The Company used the practical expedients when applying IFRS 16 to not recognise right-of-use assets and liabilities for leases with less than 12 months of lease term and of low value assets.

Taxation

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies (continued)

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the financial year, using applicable tax rates (and tax laws) at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous financial years. The current tax payable or receivable includes amounts awaiting settlement of group relief with other Lendlease Europe Holdings Limited subsidiary entities.

Deferred tax is the expected tax payable or receivable in future periods as a result of past transactions or events and is calculated by comparing the accounting balance sheet to the tax balance sheet. Temporary differences are provided for any differences in the carrying amounts of assets and liabilities between the accounting and tax balance sheets. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using applicable tax rates and laws at the reporting date.

Recognition of deferred tax assets is only to the extent it is probable that future taxable profits will be available so as the related tax asset will be realised. Deferred tax assets may include deductible temporary differences, unused tax losses and unused tax credits.

Management considers the estimation of future taxable profits to be an area of estimation uncertainty as a change in any of the assumptions used in budgeting and forecasting would have an impact on the future profitability of the Company. Forecasts and budgets form the basis of future profitability to support the carrying value of deferred tax assets.

Presentation of deferred tax assets and liabilities can be offset if there is a legally enforceable right to offset current tax liabilities and assets, they relate to income taxes levied by the same tax authority, and they are intended to be settled on a net basis or realised simultaneously.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs directly associated with producing identifiable and unique software products that will generate economic benefits exceeding costs beyond one year are recognised as intangible assets.

Direct costs include software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (three to five years).

Investments

Equity investments in subsidiaries, joint ventures and associates are stated at cost less impairment. Adjustments are made to the carrying value to reflect the net realisable value of the investment where these are lower than cost. Management conducts impairment reviews annually.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible to known amounts of cash within three months and which are subject to an insignificant risk of changes in value. Bank overdrafts (if applicable) are shown as a current liability on the Statement of Financial Position.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

3 Accounting policies (continued)

Trade and other receivables

Trade and other receivables are non derivative financial assets with fixed or determinable payments that are not equity securities. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable.

Trade and other receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the receivables. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as finance income over the remaining term.

The Company assesses provision for impairment of the receivables based on irrecoverable amounts and expected credit losses, if material. The Company considers reasonable and supportable information that is relevant and reliable. This includes both quantitative and qualitative information and analysis, based on the Company's historical impairment experience, credit assessment of customers and any relevant forward-looking information. The amount of provision is recognised in the Statement of Profit or Loss.

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade and other payables are settled in the normal course of business. Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as a finance cost over the remaining term.

Provisions

Provisions are recognised in the Statement of Financial Position when the Company has a legal or construction obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Management considers the determination of the likelihood and magnitude of an outflow of resources an area of estimation uncertainty.

Finance income and costs

Interest receivable and interest payable is recognised in the Statement of Profit or Loss as it accrues, using the effective interest method.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

4 Operating loss

Results from operating activities includes the following items:

	2023 £ 000	2022 £ 000
Depreciation expense	(1,252)	(1,898)
Impairment loss	-	(53,189)
Foreign exchange losses	(469)	(22)
Depreciation on right of use assets	(771)	(128)
Lease expense	(981)	(2,153)

5 Auditor's remuneration

	2023 £ 000	2022 £ 000
Audit of financial statements	(13)	(21)

6 Staff costs

Payroll costs of £25,090m were recharged from Lendlease Construction (Europe) Limited during the year (2022 £36,641m).

7 Finance income and costs

	2023 £ 000	2022 £ 000
Finance costs		
Interest expense in relation to lease liabilities	(88)	(15)
Interest payable to related parties	(7,584)	(5,634)
Other finance costs	(6)	(5)
Total finance costs	(7,678)	(5,654)

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2023 £ 000	2022 £ 000
Remuneration	(658)	(627)
Pension and other post-employment benefit costs	57	41
Total directors' remuneration	(601)	(586)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	3	3

In respect of the highest paid director:

	2023 £ 000	2022 £ 000
Remuneration	(495)	(258)

The directors of the Company were all directly employed by Lendlease Construction (Europe) Limited during the financial year. Their remuneration was recharged to the Company.

Any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management services. The directors' remuneration for the current year and prior year is included in the financial statements of the Company.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

9 Taxation

Tax (charged)/credited in the Statement of Profit or Loss

	2023 £ 000	2022 £ 000
Current tax		
Current year	497	-
Adjustments in respect of prior years	-	31
Total current tax	497	31
Deferred tax		
Origination and reversal of temporary differences	2,261	10,891
Adjustments in respect of prior years	23	-
Total deferred tax	2,284	10,891
Total income tax (charge)/credit	2,781	10,922

The (charge)/credit for the year can be reconciled to the result per the statement of profit or loss as follows:

	2023 £ 000	2022 £ 000
Loss before tax	(10,622)	(67,899)
Tax on loss at standard UK tax rate of 20.50% (2022: 19.00%)	2,177	12,901
Adjustments in respect of prior years	23	31
Expenses not deductible	(149)	(42)
Impact of current year rate differential	407	2,614
Impairment on investment not deductible	-	(10,106)
Amounts not recognised	323	5,524
Total income tax (charge)/credit	2,781	10,922

Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24 May 2021 and was effective from 1 April 2023.

Residential Property Developer Tax (RPDT)

The Residential Property Developer Tax (RPDT), introduced by Finance Act 2022, applies from 1 April 2022 at a rate of 4% to profits arising from residential property developer activities, in excess of an annual £25 million group allowance. The company, as a member of a Group participating in residential property developer activities, anticipates no charge in relation to RPDT for the period ending 30 June 2023 (2022: nil).

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

9 Taxation (continued)

Deferred tax

Deferred tax assets and (liabilities) are attributable to the following:

	Asset £ 000
2023	
Property, plant and equipment	3,834
Unused tax losses recognised	7,898
Loan relationship	2,825
R&D expenditure credit	32
	<u>14,589</u>
	<u>14,589</u>
2022	
Property, plant and equipment	3,473
Unused tax losses recognised	6,007
Loan relationship	2,825
	<u>12,305</u>
	<u>12,305</u>

Deferred tax movement during the year:

	At 1 July 2022 £ 000	Recognised in income £ 000	At 30 June 2023 £ 000
Property, plant and equipment	3,473	361	3,834
Unused tax losses recognised	6,007	1,891	7,898
Loan relationship	2,825	-	2,825
R&D expenditure credit	-	32	32
	<u>12,305</u>	<u>2,284</u>	<u>14,589</u>
	<u>12,305</u>	<u>2,284</u>	<u>14,589</u>

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

9 Taxation (continued)

Deferred tax movement during the prior year:

	At 1 July 2021	Recognised in income	At 30 June 2022
	£ 000	£ 000	£ 000
Property, plant and equipment	-	3,473	3,473
Unused tax losses recognised	-	6,007	6,007
Loan relationship	1,413	1,412	2,825
	<u>1,413</u>	<u>10,892</u>	<u>12,305</u>

Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24 May 2021 and was be effective from 1 April 2023. This future change to the rate of UK corporation tax has been incorporated into the valuation of deferred tax balances recognised in the statement of financial position.

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit is probable. There are £6,192,691 of unused tax losses (2022: £6,192,691) for which no deferred tax asset is recognised in the statement of financial position.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

10 Trade and other receivables

	2023 £ 000	2022 £ 000
Current		
Trade receivables	96	116
Amounts owing from related parties	36,788	57,217
Accrued income	646	1,526
Prepayments	331	1,212
Other receivables	981	708
Non current		
Other receivables	476	447
Total trade and other receivables	39,318	61,226

11 Investments

	2023 £ 000	2022 £ 000
Subsidiaries	29,080	28,730
Total investments	29,080	28,730

Reconciliation of subsidiaries

	2023 £ 000	2022 £ 000
Carrying amount at the beginning of year	28,730	81,919
Additions	350	-
Impairment	-	(53,189)
Carrying amount at end of year	29,080	28,730
Subsidiaries cost	537,990	537,640
Accumulated impairment	(508,910)	(508,910)
Carrying amount at end of year	29,080	28,730

Current year addition of £350k relates to the Company's investment in Lendlease Italy SGR S.p.a

Details of the subsidiaries as at 30 June 2023 are as follows:

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation	Note	Ownership and voting rights %	
				2023	2022
Lendlease Europe Retail Investments Limited*	Investment management	United Kingdom	1	100%	100%
Lendlease Real Estate Investments (Europe) Limited*	Fund operations	United Kingdom	1	100%	100%
Lendlease SCBD Limited*	Development of building projects	United Kingdom	1	100%	100%
Lendlease Stratford GP Limited	Investment management	United Kingdom	1	100%	100%
Lendlease Stratford Limited Partnership	Investment management	United Kingdom	1	100%	100%
Lendlease IQL Investments Limited	Activities of unit trusts	United Kingdom	1	100%	100%
Lendlease Development (Europe) Limited*	Project management	United Kingdom	1	100%	100%
Lendlease (Elephant and Castle) Limited*	Development of building projects	United Kingdom	1	100%	100%
Be Onsite*	Jobs and training	United Kingdom	1	100%	100%
Lendlease Norwich Limited*	Property investment and development	United Kingdom	1	100%	100%
St Clements Valley Developments Limited*	Property investment and development	United Kingdom	1	100%	100%
Chobham School Academy (Stratford)*	Education	United Kingdom	1	100%	100%

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

11 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation	Note	Ownership and voting rights %	
				2023	2022
Lendlease (Elephant and Castle) Retail Limited*	Real estate agencies	United Kingdom	1	100%	100%
Lendlease Preston Tithebarn No2 Limited*	Development of building projects	United Kingdom	1	100%	100%
Lendlease Preston Tithebarn Limited*	Development of building projects	United Kingdom	1	100%	100%
Preston Tithebarn General Partner Limited*	Dormant company	United Kingdom	1	100%	100%
Lendlease Bluewater Limited*	Investment management	United Kingdom	1	100%	100%
Lendlease PFI/PPP Infrastructure Fund Investor Limited*	Fund management activities	United Kingdom	1	100%	100%
Lendlease Chelmsford Meadows Limited*	Development of building projects	United Kingdom	1	100%	100%
Lendlease Performance Retail Limited*	Development of building projects	United Kingdom	1	100%	100%
Lendlease Europe GP Limited*	Property investment and development	United Kingdom	1	100%	100%
Lendlease Italy SGR S.p.a*	Investment management	Italy	3	100%	100%

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

11 Investments (continued)

Notes - registered addresses:

1. 5 Merchant Square, Level 9, Paddington, London, W2 1BQ
2. 12 Castle Street, St. Helier, Jersey, JE2 3RT
3. Via Della Moscova 3, 210121, Milano, Italy

Note - holding:

* indicates direct holding

Joint ventures

Details of the joint ventures as at 30 June 2023 are as follows:

Name of Joint-ventures	Principal activity	Country of Incorporation	Note	Ownership and voting right %	
				2023	2022
Chelmsford Meadows (General Partner) Limited	Dormant company	United Kingdom	1	75%	75%
Stratford City Business District Limited	Property development	United Kingdom	1	50%	50%
Glasshouse Gardens Residents' Management Company Limited	Dormant	United Kingdom	1	50%	50%
SCBD No.1 Limited	Property development	United Kingdom	1	50%	50%
SCBD Residential Limited	Property development	United Kingdom	1	50%	50%
SCBD Pavilion Limited	Property development	United Kingdom	1	50%	50%
IQL Investments LLP	Property development	United Kingdom		100%	100%
IQL Estate Management Company Limited	Dormant company	United Kingdom	1	50%	50%
IQL Office (GP) Limited	Property development	United Kingdom	1	50%	50%
IQL S4 Limited	Property development	United Kingdom	1	50%	50%
IQL Commercial Estate Management Company	Dormant company	United Kingdom	1	50%	50%
IQL South Holdings Limited	Property development	United Kingdom	1	50%	50%
IQL Office LP	Property development	United Kingdom	1	50%	50%
IQL S2 Limited	Property development	United Kingdom	1	50%	50%
IQL S3 Limited	Property development	United Kingdom	1	50%	50%
IQL S10 Holdings (GP) Limited	Property development	United Kingdom	1	50%	50%
IQL S10 Holdings LP	Property development	United Kingdom	1	50%	50%

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

11 Investments (continued)

IQL Residential (GP) Limited	Property development	United Kingdom	1	50%	50%
IQL Residential LP	Property development	United Kingdom	1	50%	50%
IQL S10 Limited	Property development	United Kingdom	1	50%	50%
IQL S1S11 Holdco Limited	Property development	United Kingdom	1	50%	50%
IQL S1S11 LP	Property development	United Kingdom	1	50%	50%
IQL S1S11 (GP) Limited	Property development	United Kingdom	1	50%	50%
IQL South Holdings Trust	Property development	Jersey	4	50%	50%
IQL S2 Trust	Property development	Jersey	4	50%	50%
IQL S3 Trust	Property development	Jersey	4	50%	50%
IQL S4 Trust	Property development	Jersey	4	50%	50%
IQL S10 Trust	Property development	Jersey	4	50%	50%
IQL S1S11 Trust	Property development	Jersey	4	50%	50%

Notes - registered addresses:

1. 5 Merchant Square, Level 9, Paddington, London, W2 1BQ
2. 43-45 Portman Square, London, W1H 6LY
3. Fleet House, 59-61 Clerkenwell Road, London, EC1M 5LA
4. Third Floor, Liberation House, Castle Street, St Helier, Jersey, JE1 1BL

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

12 Property, plant and equipment

	2023 £ 000	2022 £ 000
Leasehold improvement	809	-
Plant and equipment	1,656	900
Right of use asset	1,220	1,992
Property, plant and equipment	3,685	2,892

Reconciliation of leasehold improvement

	2023 £ 000	2022 £ 000
Carrying amount at beginning of year	-	-
Additions	1,235	1,082
Depreciation	(426)	(1,082)
Carrying amount at end of year	809	-
Leasehold improvement cost	1,235	8,119
Accumulated depreciation	(426)	(8,119)
Carrying amount at end of year	809	-

Reconciliation of plant and equipment

	2023 £ 000	2022 £ 000
Carrying amount at beginning of year	900	1,074
Additions	1,582	642
Depreciation	(826)	(816)
Carrying amount at end of year	1,656	900
Plant and equipment cost	3,389	7,321
Accumulated depreciation	(1,733)	(6,421)
Carrying amount at end of year	1,656	900

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

12 Property, plant and equipment (continued)

Reconciliation of right of use asset

	2023 £ 000	2022 £ 000
Carrying amount at beginning of year	1,992	-
Additions	127	2,120
Transfers	(127)	-
Depreciation	(772)	(128)
Carrying amount at end of year	1,220	1,992
Right of use asset cost	2,119	2,120
Accumulated depreciation	(899)	(128)
Carrying amount at end of year	1,220	1,992

13 Cash and cash equivalents

	2023 £ 000	2022 £ 000
Bank overdrafts	(11,216)	(26,545)
Cash and cash equivalents	(11,216)	(26,545)

14 Trade and other payables

	2023 £ 000	2022 £ 000
Current		
Trade payables	(817)	(2,004)
Amounts due to related parties	(142,604)	(133,734)
Accrued expenses	(10,960)	(13,029)
Other payables	(5,568)	(5,838)
Lease liabilities	(579)	(784)
Current trade and other payables	(160,528)	(155,389)
Non current		
Other payables	(300)	(300)
Lease liabilities NC	(499)	(1,051)
Total trade and other payables	(161,327)	(156,740)

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

15 Provisions

	Restructuring provisions 2023 £ 000	Other provisions 2023 £ 000	Total 2023 £ 000
Balance at beginning of year	(541)	(955)	(1,496)
Provisions made during the year	(199)	(531)	(730)
Provisions used during the year	541	-	541
Balance at end of year	(199)	(1,486)	(1,685)
Current provisions	(199)	(1,486)	(1,685)
Balance at end of year	(199)	(1,486)	(1,685)

The restructuring provision represents the costs associated with a Lendlease Europe wide workforce management plan which was implemented in the current financial year. Other provisions relate to potential contractual obligations arising from the Company's activity of overseeing key risks within the European region.

	Restructuring provision 2022 £ 000	Other provisions 2022 £ 000	Total 2022 £ 000
Balance at beginning of year	-	1,290	1,290
Provisions used during the year	-	(532)	(532)
Provisions made during the year	541	197	738
Balance at end of year	(541)	(955)	(1,496)

16 Leases

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2023 £ 000	2022 £ 000
Less than one year	675	649
2 years	541	898
3 years	-	541
Total lease liabilities (undiscounted)	1,216	2,088

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

17 Issued capital

Allotted, called up and fully paid shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary A Shares of £1 each	-	-	-	-
Ordinary B Shares of £1 each	<u>1,512</u>	<u>1,512</u>	<u>1,512</u>	<u>1,512</u>
	<u>1,512</u>	<u>1,512</u>	<u>1,512</u>	<u>1,512</u>

Rights, preferences and restrictions

The Class A ordinary shares have the right to attend and vote at meetings of shareholders.

The Class B ordinary shares rank on a winding up or other return of capital in priority to any other shares in the capital of the Company in issue from time to time.

Lendlease Europe Limited

Notes to the Financial Statements for the year ended 30 June 2023 (continued)

18 Parent and ultimate parent undertaking

The company's immediate parent is Lendlease Europe Holdings Limited.

The ultimate parent is Lendlease Corporation Limited.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Lendlease Corporation Limited, incorporated in Australia.

The address of Lendlease Corporation Limited is:

Level 14 Tower Three
International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000

The consolidated financial statements of that group may be obtained from www.lendlease.com.

The parent of the smallest group in which these financial statements are consolidated is Lendlease Europe Holdings Limited, incorporated in England and Wales.

The address of Lendlease Europe Holdings Limited is:

5 Merchant Square
Level 9
Paddington
London W2 1BQ

The consolidated financial statements of that group may be obtained from:

The Registrar of Companies
Companies House
Crown Way
Maindy, Cardiff.

19 Subsequent events

There has been no event or circumstance since the balance sheet date that would significantly affect the Company.