

Lend Lease NH Limited

**Directors' report and
financial statements**

30 June 1998

Registered number 3429499



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 June 1998. The company was incorporated on 4 September 1997.

Principal activities

The principal activity of Lend Lease NH Limited is to hold an investment in the LL NHP partnership.

Results and dividends

The results for the period are set out in the profit and loss account on page 4. The directors do not propose a dividend for the period.

Directors and directors' interests

The directors who held office during the period were as follows:

Hackwood Directors Ltd	(appointed 4 September 1997, resigned 15 September 1997)
R Burrows	(appointed 15 September 1997, resigned 15 December 1997)
I Marshall	(appointed 15 September 1997)
P Rose	(appointed 15 September 1997)
P Walichnowski	(appointed 15 September 1997)

The directors who held office at the end of the financial period did not have any disclosable interest in the shares and debentures of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families or exercised by them, during the financial period.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


P Walichnowski
Director

23 Kingsway
London WC2B 6UJ
12 October 1998

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

The above statement should be read in conjunction with the statement of auditors' responsibilities set out in the audit report on page 3.



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London EC4Y 8BB

Auditors' report to the members of Lend Lease NH Limited

We have audited the financial statements on pages 4 to 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

K P M G

KPMG
Chartered Accountants
Registered Auditor

12 October 1998

Profit and loss account

for the period 4 September 1997 to 30 June 1998

	<i>Note</i>	1998 £
Operating revenue		-
Administrative expenses		48,547
		<hr/>
Operating profit		(48,547)
Interest expense	4	(21,466)
		<hr/>
Loss on ordinary activities before taxation		(70,013)
Tax on loss on ordinary activities	5	21,704
		<hr/>
Loss for the financial period		(48,309)
		<hr/> <hr/>

All operations are continuing.

The company had no recognised gains or losses other than the loss for the period.

The notes to and forming part of the financial statements are set out on pages 6 to 8.


Balance sheet

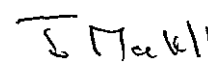
at 30 June 1998

	<i>Note</i>	1998 £	1998 £
Fixed assets			
Investments	6		2,878,397
Debtors	7	21,704	
Creditors: amounts falling due within one year	8	(2,948,409)	
Net current liabilities			(2,926,705)
Net liabilities			(48,308)
 Capital and reserves			
Called up share capital	9		1
Profit and loss account			(48,309)
Equity shareholders' funds	10		(48,308)

The notes to and forming part of these financial statements are set out on pages 6 to 8.

These financial statements were approved by the board of directors on 12 October 1998 and were signed on its behalf by:


P Walichnowski
Director


I Marshall
Director

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed asset investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Cash flow statement

A cash flow statement is not included with these financial statements as a consolidated cash flow statement, produced under Financial Reporting Standard No 1, is included in the financial statements of Lend Lease Europe Holdings Limited.

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' to dispense with the requirement to disclose transactions with group companies.

2 Directors and employees

The directors received no emoluments in respect of their services to the company. Directors' emoluments are disclosed in the consolidated financial statements of Lend Lease Europe Holdings Limited as they relate to services to the group as a whole.

The company did not employ any staff during the period.

3 Auditors' remuneration

Auditors' remuneration is borne by Lend Lease Europe Limited, a company in the Lend Lease Europe Holdings group.

4 Interest expense

	1998
	£
Bank interest recharged from other group company	21,466
	<hr/>

Notes to the financial statements *(continued)*

5 Tax on loss on ordinary activities

	1998 £
Group relief surrendered to another group company	21,704
	<u>21,704</u>

6 Investments

	1998 £
Investment in LL NHP partnership	2,878,397
	<u>2,878,397</u>

During the period the company made contributions to the LL NHP partnership in which it has a 49.99% interest. In addition, certain costs incurred by the company in connection with setting up the partnership have been capitalised.

The directors are satisfied that the investment is worth at least the amount at which it is included in the balance sheet.

7 Debtors

	1998 £
Amounts owed by group undertakings	
- Lend Lease Projects Limited	21,704
	<u>21,704</u>

8 Creditors: amounts falling due within one year

	1998 £
Amounts owed to group undertakings	
- Lend Lease Europe Limited	766,678
- Lend Lease Global Investment Plc	2,181,731
	<u>2,948,409</u>
	<u>2,948,409</u>

Notes to the financial statements *(continued)*

9 Called up share capital

	1998 £
<i>Authorised</i>	
100 Ordinary Shares of £1	100
	<hr/>
<i>Allotted, called up and fully paid</i>	
1 Ordinary Share of £1	1
	<hr/>

10 Reconciliation of movements in shareholders' funds

	1998 £
Loss for the period	(48,309)
Initial capital issued	1
	<hr/>
Closing shareholders' funds	(48,308)
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11 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Lend Lease Europe Limited which is registered in England and Wales. It's ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited. The consolidated financial statements of this group may be obtained from Level 46, Australia Square, George Street, Sydney, Australia.

The smallest group in which the financial statements of the company are consolidated is that headed by Lend Lease Europe Holdings Limited. The consolidated financial statements of this group may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.