

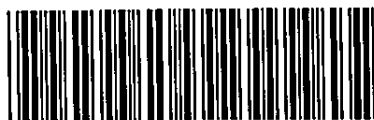
**Lend Lease Europe GP Limited**

**Directors' report and  
financial statements**

30 June 2008

Registered number 3540670

TUESDAY



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17/03/2009

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## **Directors' report and financial statements**

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## **Directors' report**

The directors present their report and the audited financial statements for the year ended 30 June 2008.

### **Principal activities and review of the business**

The principal activity of Lend Lease Europe GP Limited is to act as general partner to the Lend Lease Retail Partnership.

The principal income that the Company receives is asset and fund management fees from the Lend Lease Retail Partnership. The principal costs incurred are Base fees payable to Lend Lease Real Estate Investments Limited.

### **Results and dividends**

The profit for the year after taxation amounted to £44,066 (2007: £88,948). The directors do not recommend the payment of a dividend (2007: £nil).

### **Directors**

The directors of the company during the year were as follows:

#### **'O' Directors**

P J Allwood

C S Matheson

J N Peers (resigned 19 July 2007)

A M Brown (appointed 22 April 2008)

R Butler (appointed 23 July 2007)

#### **'D' Directors**

K G Saunders

G A T Turnbull

N H C Thompson

'D' directors are appointed by the 'D' shareholders of Lend Lease Europe GP Limited and are independent of the Lend Lease Europe Holdings Limited group.

Subsequent to the year end C S Matheson and P J Allwood resigned as directors on 22 July 2008 and 31 October 2008 respectively and K Redshaw was appointed as director on 22 October 2008.

### **Policy and practice on payment of creditors**

The Company seeks to agree terms with its suppliers when it commits to expenditure and seeks to adhere to them provided goods are supplied in accordance with agreed terms and conditions.

### **Political and charitable contributions**

The Company made no political or charitable contributions during the year (2007: £nil).

### **Statement as to disclosure of information to auditors**

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 auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Directors' report** *(continued)*

**Auditors**

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

**K Redshaw**  
*Director*

A handwritten signature in black ink, appearing to read 'K Redshaw', with a long horizontal flourish extending to the right.

19 Hanover Square  
London W1S 1HY  
18 FEBRUARY 2009

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing 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 IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the Company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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.

## KPMG LLP

8 Salisbury Square  
London  
United Kingdom  
EC4Y 8BB

### **Independent auditors' report to the members of Lend Lease Europe GP Limited**

We have audited the financial statements of Lend Lease Europe GP Limited for the year ended 30 June 2008 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

**Independent auditors' report to the members of Lend Lease Europe GP Limited**  
*(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*18 / 2 / 2009*

## **Income statement**

*for the year ended 30 June 2008*

	<i>Note</i>	<b>2008</b> <b>£</b>	<b>2007</b> <b>£</b>
Revenue	1	2,775,938	2,721,588
Administrative expenses		(2,761,018)	(2,596,359)
<b>Operating profit</b>		<b>14,920</b>	<b>125,229</b>
Financial income	4	47,588	1,839
<b>Profit before taxation</b>		<b>62,508</b>	<b>127,068</b>
Taxation	5	(18,442)	(38,120)
<b>Profit for the year attributable to equity holders of the parent</b>		<b>44,066</b>	<b>88,948</b>

All activities are continuing.

The company had no recognised gains or losses other than the profit for the year.

There is no difference between the profit as reported and the profit on a historical cost basis.

The notes to and forming part of the financial statements are set out on pages 10 to 15.



## Balance sheet

at 30 June 2008

	<i>Note</i>	2008 £	2007 £
<b>Non current assets</b>			
Investment	6	1	1
<b>Current assets</b>			
Trade and other receivables	7	964,953	1,142,864
Cash and cash equivalents		218,730	-
<b>Total assets</b>		<u>1,183,684</u>	<u>1,142,865</u>
<b>Current liabilities</b>			
Trade and other payables	8	(590,265)	(593,512)
<b>Net assets</b>		<u>593,419</u>	<u>549,353</u>
<b>Capital and reserves</b>			
Called up share capital	9	52	52
Retained earnings		593,367	549,301
<b>Shareholders' funds</b>		<u>593,419</u>	<u>549,353</u>
<b>Comprising:</b>			
Equity shareholders' funds		593,368	549,302
Non equity shareholders' funds		51	51
		<u>593,419</u>	<u>549,353</u>

The notes to and forming part of these financial statements are set out on pages 10 to 15.

These financial statements were approved by the board of directors on 18 FEBRUARY 2009 and were signed on its behalf by:

**K Redshaw**  
Director

**R Butler**  
Director

**Statement of changes in equity**  
*for the year ended 30 June 2008*

	Attributable to shareholders		
	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 July 2006	52	460,353	460,405
Retained profit for the year	-	88,948	88,948
<b>Balance at 30 June 2007</b>	<b>52</b>	<b>549,301</b>	<b>549,353</b>
Balance at 1 July 2007	52	549,301	549,353
Retained profit for the year	-	44,066	44,066
<b>Balance at 30 June 2008</b>	<b>52</b>	<b>593,367</b>	<b>593,419</b>

## Cash flow statement

*for the year ended 30 June 2008*

	2008 £	2007 £
<b>Cash flows from operating activities</b>		
Profit for the year	44,066	88,948
Adjustments for:		
Financial income	(47,588)	(1,839)
Taxation	18,442	38,120
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	14,920	125,229
Decrease/ (increase) in trade and other receivables	177,911	(120,615)
(Decrease)/ increase in trade and other payables	(3,247)	31,667
Income tax paid	(18,442)	(38,120)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	171,142	(1,839)
	<hr/>	<hr/>
<b>Cash flow from investing activities</b>		
Financial Income	47,588	1,839
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	47,588	1,839
	<hr/>	<hr/>
<b>Cash flow from financing activities</b>		
Dividends paid	-	-
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	-	-
	<hr/>	<hr/>
Net increase in cash and cash equivalents	218,730	-
Cash and cash equivalents at 1 July	-	-
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June</b>	218,730	-
	<hr/>	<hr/>

## Notes to the financial statements

### 1 Accounting policies

Lend Lease Europe GP Limited is a company incorporated in the UK.

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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

#### *Revenue*

Revenue is stated net of value added tax and is primarily derived from the provision of fund and asset management services.

#### *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or subsequently enacted by the balance sheet date. Deferred tax assets are not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2008, and have not been applied in preparing these financial statements.

- IFRIC 12 Service Concession agreements: applicable for years commencing on or after 1 January 2008. This interpretation relates to the accounting for service concession operators, but not grantors, for public to private service concession arrangements.
- IFRIC 13 Customer Loyalty Programmes: applicable for years commencing on or after 1 July 2008, but has not yet been endorsed for use in the EU. The interpretation addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services.
- IFRS 8 Operating Segments: applicable for years commencing on or after 1 January 2009. The standard introduces the "management approach" to segment reporting where presentation and disclosure of segment information is based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.

## **Notes to the financial statements (continued)**

### *New standards and interpretations not yet adopted*

- Revised IAS 23 Borrowing Costs: applicable for years commencing on or after 1 January 2009. The standard removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.
- Revised IAS 1 Presentation of Financial Statements: applicable for years commencing on or after 1 January 2009, but has not yet been endorsed for use in the EU. The standard introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation: applicable for years commencing on or after 1 January 2009. The standard requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

### *Fixed asset investments*

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

### *Trade and other receivables*

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

### *Key estimates and judgements*

These accounts are prepared under IFRSs as adopted by the EU. The choice of accounting policies involves, in some cases, management evaluating and choosing the policy that gives the most true and fair view. The most relevant to the Company is in relation to provision for doubtful debt.

### *Net financing costs*

Net financing costs comprise interest payable, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

## **2 Directors' remuneration and employees**

The 'O' directors are remunerated as employees by other group companies and received no emoluments in respect of their services as directors.

The 'D' directors received a total of £50,000 (2007: £50,000) for their services as directors. The emoluments of the highest paid director were £18,000 (2007: £18,000). These fees are reimbursed by the Lend Lease Retail Partnership.

The company did not employ any staff during the year (2007: nil).

## Notes to the financial statements *(continued)*

### 3 Auditor's remuneration

Auditor's remuneration is paid by a fellow subsidiary within the Lend Lease Europe Holdings Limited group.

The directors estimate the fee attributable to the company is £2,300 (2007: £2,300).

### 4 Financial income

	2008 £	2007 £
Bank interest	909	1,839
Interest income from Lend Lease Europe Limited	46,679	-
	<u>47,588</u>	<u>1,839</u>

### 5 Tax on profit on ordinary activities

#### a) Analysis of tax charge for the year

	2008 £	2007 £
United Kingdom corporation tax	18,442	38,120

The above tax calculation is an estimate prepared at the time of signing the financial statements. Any adjustments subsequently agreed with the Inland Revenue will be reflected in the financial statements for the period in which such agreement is reached.

There is no unprovided deferred tax.

#### b) Factors affecting tax charge for the year

The tax assessed differs from the application of the standard rate of corporation tax in the UK (2008: 29.5%, 2007: 30%) to the company's accounting profit before taxation for the following reasons:

	2008 £	2007 £
Profit on ordinary activities before tax	62,508	127,068
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (2008: 29.5%, 2007: 30%)	18,440	38,120
Effects of:		
Non-deductible expenses	2	-
Total tax for year (note 5 (a))	<u>18,442</u>	<u>38,120</u>

## Notes to the financial statements (continued)

### 5 Tax on profit on ordinary activities (continued)

#### c) Factors that may affect future tax charges

The effective rate of taxation will vary as a result of any dividends paid by shareholders, overseas tax rates and the utilisation of tax losses brought forward. On 26 June 2007 the UK government passed the 2007 Finance Act which changed the prevailing rate of corporation tax from 30% to 28% from 1 April 2008.

### 6 Fixed asset investment

	2008	2007
	£	£
Investment in Lend Lease Retail Partnership	1	1
	<u>1</u>	<u>1</u>

The investment relates to a holding in Lend Lease Retail Partnership. As general partner the company is required to hold one share in Lend Lease Retail Partnership.

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

### 7 Trade and other receivables

	2008	2007
	£	£
Trade receivables from Lend Lease Europe Limited	202,922	384,169
Accrued income	698,268	647,959
Other receivables	63,763	110,736
	<u>964,953</u>	<u>1,142,864</u>

### 8 Trade and other payables

	2008	2007
	£	£
Trade payables to Lend Lease Real Estate Investments Limited	590,265	593,512
	<u>590,265</u>	<u>593,512</u>

## Notes to the financial statements (continued)

### 9 Called up share capital

	2008	2007
	£	£
<i>Authorised</i>		
10,000 'D' Shares of £0.01 each	100	100
500,000,000 'O' Shares of £1 each	500,000,000	500,000,000
	<hr/>	<hr/>
	500,000,100	500,000,100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
5,064 'D' Shares of £0.01 each	51	51
1 'O' Share of £1 each	1	1
	<hr/>	<hr/>
	52	52
	<hr/>	<hr/>

'D' shares only carry the rights to vote on the appointment or removal of 'D' directors. They are repaid in preference to 'O' shares on the winding up of the company but carry no rights to a dividend.

'O' shares carry all voting rights in the company except those described above. They are repaid after 'D' shares on the winding up of the company but carry the rights to receive all dividends declared by the company.

### 11 Financing Arrangements and Financial Instruments

#### *Fair values of financial assets and liabilities – on balance sheet*

There is no significant difference between the carrying value and fair value of the financial instruments.

#### *Financial Instruments - Credit Risk*

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company is compliant with the Lend Lease Consolidated Group's framework for risk management including credit risk. There are no significant concentrations of external credit risk with the Company's exposure to only Lend Lease Consolidated Group related parties.

#### *Financial Instruments - Liquidity Risk*

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities. The Company's objective is to maintain the efficient use of cash and debt facilities in order to minimise the cost of borrowing to the Company and ensure sufficient availability of credit facilities.

#### *Financial Instruments - Interest Rate Risk*

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates. The Company's policy is to manage interest rate risk that impacts directly on the Company's assets and liabilities. The Company's exposure to interest rate risk is limited to movements in intra-group lending rates.

#### *Sensitivity Analysis*

At 30 June 2008, it is estimated that an increase of one percentage point in interest rates would have increased the Company's profit before tax by approximately £6,460 (2007: £350).



## **Notes to the financial statements (continued)**

### **12 Subsequent events**

There have been no significant post balance sheet events

### **13 Related Party Disclosures**

At the year end the company was owed £202,922 (2007: £384,169) by its parent company, Lend Lease Europe Limited. During the year the company recognised interest income of £46,679 (2007: £nil) on this balance. The interest was charged at LIBOR plus 1.5%.

During the year the company was charged base fees of £2,447,414 (2007: £2,368,979) by Lend Lease Real Estate Investments Limited, a fellow subsidiary. At the year end the company owed £590,265 (2007: £593,512) to Lend Lease Real Estate Investments Limited.

### **14 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. Its 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 that group may be obtained from the group's website at [www.lendlease.com.au](http://www.lendlease.com.au).

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