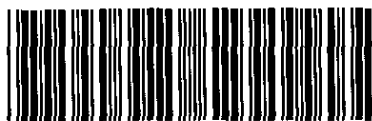


Lend Lease Europe GP Limited

Directors' report and financial statements

30 June 2014

Registered number 3540670



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Directors' report and financial statements

Contents

| | |
|--|--------------|
| Directors' report | 1 |
| Statement of directors' responsibilities | 2 |
| Independent auditor's report to the members of Lend Lease Europe GP Limited | 3 |
| Statement of comprehensive income | 4 |
| Statement of financial position | 5 |
| Statement of changes in shareholders' equity | 6 |
| Statement of cash flows | 7 |
| Notes to the financial statements | 8- 11 |

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2014.

Principal activity and review of the business

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

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

Results and dividends

The profit for the year after taxation amounted to £64,790 (2013: £76,279). The directors do not recommend the payment of a dividend (2013: £nil).

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste and recycling.

Directors

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

'O' Directors

C S Matheson

A M Brown (resigned 2 October 2013)

G J Scott (resigned 21 November 2013)

N M Johnson (appointed 2 October 2013)

B Amin (appointed 2 October 2013 and Resigned 31 May 2014)

'D' Directors

K G Saunders

N H C Thompson

R H H Peto

'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 year end, the following changes to directorships occurred:

G G Thomas (appointed 1 July 2014)

Political and charitable contributions

The company made no political or charitable contributions during the year (2013: £nil).

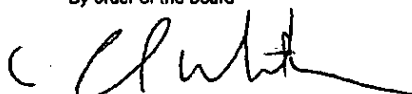
Statement as to disclosure of information to the auditor

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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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.

By order of the board



C S Matheson

Director

20 Triton Street

Regent's Place, London

NW1 3BF

27 October 2014

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 and applicable law.

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 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 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 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 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 2014 set out on pages 4 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
27 October 2014

**Statement of comprehensive income
 for the year ended 30 June 2014**

| | Note | 2014 £ | 2013 £ |
|--|------|---------------|----------------|
| Revenue | | 3,771,058 | 2,204,141 |
| Administrative expenses | | (3,689,796) | (2,105,862) |
| Operating profit | | 81,262 | 98,279 |
| Finance income | 4 | 3,315 | 2,258 |
| Profit on ordinary activities before taxation | | 84,577 | 100,537 |
| Taxation | 5 | (19,787) | (24,258) |
| Profit on ordinary activities after taxation | | 64,790 | 76,279 |
| Total comprehensive income for the year | | 64,790 | 76,279 |

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.

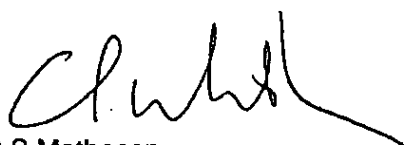
The notes to and forming part of these financial statements are set out on pages 8 to 11.

**Statement of financial position
 as at 30 June 2014**

| | Note | 2014 £ | 2013 £ |
|-----------------------------|-------------|------------------|------------------|
| Non current assets | | | |
| Investments | 6 | 1 | 1 |
| Deferred tax asset | 8 | - | 727 |
| | | <u>1</u> | <u>728</u> |
| Current assets | | | |
| Trade and other receivables | 7 | 885,188 | 644,616 |
| Cash and cash equivalents | | <u>427,702</u> | <u>717,937</u> |
| | | <u>1,312,890</u> | <u>1,362,553</u> |
| Total assets | | <u>1,312,891</u> | <u>1,363,281</u> |
| Current liabilities | | | |
| Trade and other payables | 9 | <u>(398,824)</u> | <u>(514,005)</u> |
| Total liabilities | | <u>(398,824)</u> | <u>(514,005)</u> |
| Net assets | | <u>914,067</u> | <u>849,277</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 52 | 52 |
| Retained earnings | | <u>914,015</u> | <u>849,225</u> |
| Total equity | | <u>914,067</u> | <u>849,277</u> |

The notes to and forming part of these financial statements are set out on pages 8 to 11.

These statements were approved by the board of directors on 27 October 2014 and were signed on its behalf by:


 C S Matheson
 Director

Statement of changes in shareholders' equity
 for the year ended 30 June 2014

| | Attributable to shareholders | | |
|--------------------------------|------------------------------|---------------------------|----------------------|
| | Share capital £ | Retained earnings £ | Total equity £ |
| Balance at 1 July 2012 | 52 | 772,946 | 772,998 |
| Retained profit for the year | - | 76,279 | 76,279 |
| Balance at 30 June 2013 | 52 | 849,225 | 849,277 |
| Balance at 1 July 2013 | 52 | 849,225 | 849,277 |
| Retained profit for the year | - | 64,790 | 64,790 |
| Balance at 30 June 2014 | 52 | 914,015 | 914,067 |

(The notes to and forming part of these financial statements are set out on pages 8 to 11.

Statement of cash flows
for the year ended 30 June 2014

| | 2014 £ | 2013 £ |
|---|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Profit for the year | 64,790 | 76,279 |
| Adjustments for: | | |
| Taxation | 19,787 | 24,258 |
| Finance (income) | (3,315) | (2,258) |
| Operating profit before changes in working capital | <u>81,262</u> | <u>98,279</u> |
| (Increase) / Decrease in trade and other receivables | (240,571) | 16,500 |
| (Decrease) / Increase in trade and other payables | (115,181) | 14,265 |
| Income tax paid | (19,060) | (24,393) |
| Net cash from operating activities | <u>(293,550)</u> | <u>104,651</u> |
| Cash flow from financing activities | | |
| Interest received | 3,315 | 2,258 |
| Net cash from financing activities | <u>3,315</u> | <u>2,258</u> |
| (Decrease) / Increase in cash and cash equivalents | (290,235) | 106,909 |
| Cash and cash equivalents at 1 July | 717,937 | 611,028 |
| Cash and cash equivalents at 30 June | <u><u>427,702</u></u> | <u><u>717,937</u></u> |

The notes to and forming part of these financial statements are set out on pages 8 to 11.

Notes to the financial statements

1 Accounting policies

Basis of Preparation

Lend Lease Europe GP Limited (the "Company") is a company incorporated in the UK. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union ("Adopted IFRSs") and with those parts of the Companies Act 2006, applicable to those

The financial statements have been prepared under the historic cost convention

The Company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

Revenue

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

Investments

Investments are stated at cost with adjustments made to the carrying value to reflect net realisable amounts where these are lower than cost. Management conducts impairment reviews annually.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive 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, where appropriate, the risks specific to the liability.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less provision for doubtful debts.

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 or loss differs from net profit or loss 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.

Net financing costs

Net financing costs comprise interest payable and interest receivable on funds invested 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.

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.

New standards and interpretations not yet adopted

The following Adopted IFRS have been issued but have not been applied in these financial statements. The effect of these Adopted IFRS on these financial statements have not yet been determined:

- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (mandatory for year commencing on or after 1 January 2014).
- IFRS 11 Joint Arrangements and Amendments to IAS 28 (2008) Investments in Associated and Joint Ventures (mandatory for year commencing on or after 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities (mandatory for year commencing on or after 1 January 2014).
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities' (mandatory for year commencing on or after 1 January 2014).
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (mandatory for year commencing on or after 1 January 2014).
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) (mandatory for year commencing on or after 1 January 2014).

Notes to the financial statements (continued)**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 £54,813 (2013: £45,000) for their services as directors. The emoluments of the highest paid director were £19,958 (2013: £18,000). These fees are reimbursed by the Lend Lease Retail Partnership.

The company did not employ any staff during the year (2013: nil).

3 Auditor's remuneration

Auditor's remuneration in respect of audit and other fees were paid by Lend Lease Europe Limited, the immediate parent undertaking. The directors estimate the fee attributable to the company is £8,499 (2013: £8,131).

4 Finance income

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Interest income on amount owed by Lend Lease Europe Limited | 3,315 | 2,258 |

5 Taxation**(a) Analysis of charge in period**

| | 2014 £ | 2013 £ |
|--|---------------|---------------|
| Current tax: | | |
| United Kingdom corporation tax | 19,030 | 24,393 |
| United Kingdom prior year corporation tax adjustment | 30 | - |
| Total current tax | 19,060 | 24,393 |
| Deferred tax: | | |
| Origination and reversal of timing differences | 727 | (165) |
| Effect of future change in UK tax rate | - | 30 |
| Tax on charge on ordinary activities | 19,787 | 24,258 |

(b) Factors affecting the current charge for the year

The tax assessed differs from the application of the standard rate of corporation tax in the UK 2014: 22.50% (2013: 23.75%) to the company's accounting profit before taxation for the following reasons:

| | 2014 £ | 2013 £ |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 84,577 | 100,537 |
| Tax using the UK corporation tax rate of 22.50% (2013: 23.75%) | 19,030 | 23,878 |
| Effects of: | | |
| Tax exempt revenues | - | - |
| Non-deductible expenses | - | 350 |
| Permanent difference on change in tax rate | - | 30 |
| Adjustments in respect of previous periods | - | - |
| Total tax in income statement | 19,030 | 24,258 |

With effect from 1 April 2013 UK corporation tax rates are 23%, reducing down to 21% with effect from 1 April 2014. The UK corporation tax rate will reduce further from 1 April 2015 to 20%, reducing the company's future current tax charge.

(c) Factors that may affect future tax charges

The effective rate of taxation will vary as a result of any dividends paid by subsidiaries, overseas tax rates and the utilisation of tax losses brought forward.

6 Investments**Fixed asset investments**

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Investment in Lend Lease Retail Partnership | 1 | 1 |
| | 1 | 1 |

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.

Notes to the financial statements (continued)

7 Trade and other receivables

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Amounts owed by Land Lease Europe Limited | 120,856 | 105,695 |
| Accrued income | 381,282 | 538,709 |
| Taxation & Social security | 383,050 | 212 |
| | <u>885,188</u> | <u>644,616</u> |

8 Deferred tax assets

Deferred tax assets are attributable to the following:

| | 2014 | Assets | 2013 |
|---------------------|----------|--------|------------|
| | £ | | £ |
| Partnership profits | - | | 727 |
| Net tax assets | <u>-</u> | | <u>727</u> |

Movement in deferred tax during the year

| | 1 July 2013 | Recognised in profit and loss | 30 June 2014 |
|---------------------|-------------|-------------------------------|--------------|
| | £ | £ | £ |
| Partnership profits | <u>727</u> | <u>(727)</u> | - |
| | <u>727</u> | <u>(727)</u> | <u>-</u> |

Movement in deferred tax during the prior year

| | 1 July 2012 | Recognised in profit and loss | 30 June 2013 |
|---------------------|-------------|-------------------------------|--------------|
| | £ | £ | £ |
| Partnership profits | <u>592</u> | <u>135</u> | <u>727</u> |
| | <u>592</u> | <u>135</u> | <u>727</u> |

9 Trade & other payables

| | 2014 | 2013 |
|---|----------------|----------------|
| | £ | £ |
| Amounts owed to Land Lease Real Estate Investment Limited | 398,824 | 514,005 |
| | <u>398,824</u> | <u>514,005</u> |

10 Called up share capital

| | 2014 | 2013 |
|------------------------------------|------|------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 5,083 'D' Shares of £0.01 each | 51 | 51 |
| 1 'O' Share of £1 each | 1 | 1 |

'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 Subsequent events

There have been no significant post balance sheet events.

12 Related Party Disclosures

At the year end the company was owed £120,856 (2013: £105,695) by its parent company, Land Lease Europe Limited. During the year the company recognised interest income of £3,315 on this balance (2013: interest income: £2,258). The interest was charged at LIBOR plus 2.45%.

During the year the company was charged £1,914,188 (2013: £1,788,527) by Land Lease Real Estate Investments Limited, a fellow subsidiary. At the year end the company owed £398,824 (2013: £514,005) to Land Lease Real Estate Investments Limited.

Notes to the financial statements (continued)

13 Financial Risk Management

Introduction and overview

The company has exposure to the following risks:

- Credit risk
- Operational risks
- Interest rate risks

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

a) 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.

b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure and from external factors other than credit risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness.

c) 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 2014, it is estimated that an increase of one percentage point in interest rates would have decreased the Company's profit before tax by approximately £1,130 (2013: decreased profit by £937).

Compliance with the company's standards is supported by a programme of periodic reviews which are discussed at Board level.

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

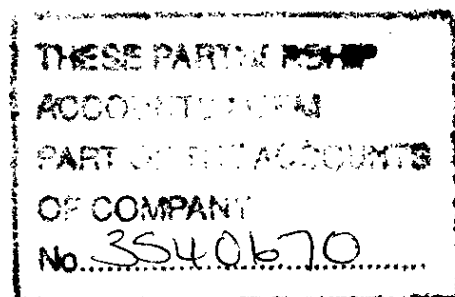
The company is a subsidiary undertaking of Lend Lease Europe Limited, which is registered in England and Wales. Its ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia. The largest group in which the results of the company are consolidated is that headed 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.

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.

**LEND LEASE
RETAIL PARTNERSHIP**

**GENERAL PARTNER'S REPORT
AND AUDITED ACCOUNTS**

**FOR THE YEAR ENDED
31 DECEMBER 2014**



LENDLEASE EUROPE GP LIMITED
(3540670).

**LEND LEASE RETAIL PARTNERSHIP
GENERAL PARTNER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. Formation and Purpose

A Limited Partnership Deed dated 18 August 1998 established Forward Retail Partnership as a Limited Partnership. The Partnership was registered on 21 August 1998 with Lend Lease Europe GP Limited as the General Partner. On 27 October 1998, Lend Lease Europe Limited transferred its interest in the Partnership to Lend Lease Europe Retail Investments Limited.

On 9 September 1998 the Partnership name was changed to 'Lend Lease Retail Partnership' ('the Partnership'). Further, on 18 December 1998 the second Limited Partnership Deed and Articles of Partnership replaced the original deed. This was subsequently replaced by the New Limited Partnership Deed and Articles of Partnership dated 31 March 1999.

The Partnership was formed to acquire a 25% interest in the Bluewater shopping centre in Kent, and a 100% interest in the Touchwood shopping centre in Solihull.

The initial term of the partnership was due to expire twelve years from the completion of the acquisition of Bluewater (18 June 1999) and could be extended thereafter every four years with the agreement of all the Partners, subject to a maximum possible life of 40 years.

On 12 November 2010 Lend Lease Real Estate Investments Limited secured approval to extend the life of the Partnership until November 2017. In addition to the continuation of the Partnership, some modernisation to its terms were carried out in response to market changes during the Partnership's 12 year life to date. The overall strategy of the Partnership will be to remain invested in prime UK shopping centres.

2. Review of Activities

The Partnership

As reported by Investment Property Databank (IPD), for the calendar year 2014 the Lend Lease Retail Partnership returned 16.2% (2013: 7.6%) compared to its stated benchmark (Held Shopping Centres Excluding the Lend Lease Retail Partnership) which returned 14.4% (2013: 7.3%). The Partnership outperformed against the benchmark in 2014, 2013 and 2012 on the three year rolling basis, resulting in a performance fee due to the General Partner for the current year of £1,433,587 (2013: £3,357,299).

Principal risks and uncertainties of the Partnership

The Partnership is exposed to fluctuations in the valuation of its investment property. The fair value of investment property is based on current prices in an active market for similar properties in the same location and condition.

The value of investment property is influenced adversely by risks such as rental income and valuation volatility. Rental income volatility is managed and mitigated via strategic asset management and leasing strategy, which in turn contributes to the management of valuation volatility. Valuation volatility is also influenced by external macro and financial factors, other risks to the value of a property are damage by flood, fire or terrorist action and increases in the cost of borrowing. The Partnership, in co-ordination with the asset manager, takes measures where possible to mitigate these risks such as insurance and having robust disaster contingency plans in place.

The lease renewals program at Bluewater has now been brought to a close. Through active management initiatives as at 31 December 2014 86% of these expiries have either been renewed or removed from the asset renewal profile and a further 2.5% are agreed or in solicitors hands. Focus now turns to the key remaining large rent operators and a focus on "business as usual" approach to identify underperforming stores and relocate them.

Touchwood has 50% of retail units expiring in 2016, this represents 46% of ERV. Significant progress has been made on the Touchwood lease renewals program with 20% of the renewals by ERV being completed or removed through early lease re-gears, surrenders and new lettings.

Management complete regular internal risk assessments and business strategies to mitigate against external risks as far as possible. These assessments include medium to long term asset management and cash flow plans enabling a long term view of the business to be maintained.

Financial Instruments of the Partnership

The partnership does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with letting the property on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Bluewater – 25% Interest

For the calendar year 2014, Bluewater outperformed the IPD benchmark of 14.4% and the peer group index for the Partnership. Bluewater returned 19.8% (2013: 9.1%) against its peer group index (Shopping Centres >50,001 sq m) of 14.9% (2013: 7.7%). 25% of the scheme was purchased by the Partnership in June 1999.

Touchwood

For the calendar year 2014, Touchwood underperformed the IPD benchmark of 14.4% for the Partnership and underperformed its peer group index. Touchwood returned 9.9% (2013: 5.1%) against its peer group index (Shopping Centres 25,001 – 50,000 sq m) of 13.9% (2013: 7.3%).

The Lend Lease Retail Partnership purchased Touchwood from Lend Lease Solihull Development Limited ('the Developer') under the terms of the Development Services Agreement ('DSA') dated 4 June 1999.

Details of movements in the value of the investment properties are set out in note 4 to the accounts.

December 2014 Valuations

At 31 December 2014 CBRE valued Bluewater at £2,113.4 million (2013: £1,838.0 million) attributing a value of £528.5 million (2013: £459.5 million) to the Partnership's 25% interest. CBRE also valued Touchwood at £278.0 million (2013: £265.2 million) at this date.

The Partners

The General Partner is Lend Lease Europe GP Limited, the Founder Limited Partner is Lend Lease Europe Retail Investments Limited. The Operator of the Partnership is Lend Lease Real Estate Investments Limited.

Establishment of Jersey Property Unit Trust

Based on demand indicated by Limited Partners, a Jersey Property Unit Trust (Lend Lease Retail Partnership (Jersey) Unit Trust) was established in June 2004. From this point onwards, the JPUT has become a Limited Partner in the Partnership.

Bluewater West Village Extension

Outline Planning permission is now in place for the Bluewater West Village Extension with a completed s106 Agreement. The consent provides for an additional 30,500 sqm for a mixture of luxury, catering and retail operators. In light of current market conditions for luxury operators, who will provide the anchor for the extension, the Owners have agreed to put the extension on hold. Proposals for progressing the extension are to be regularly reviewed with the other Owners and as part of the 5 year asset plans.

Touchwood Development

Following exchange of a Development Agreement with Solihull Council in late October 2014, Lend Lease Development (acting as development manager) are progressing a number of work streams including finalising terms with the professional team and reviewing the concept design work undertaken thus far.

The first half of 2015 will focus on completing the revised concept scheme, updating the accompanying project commerce, commencing preparation of the planning application and undertaking stakeholder engagement.

Partnership Investment Strategy

Over the course of 2014 the Operator has undertaken the following key initiatives in finalising its fund strategy:

- Wholesale audit review on the fund constitution in conjunction with the partnership advisors, particularly in relation to abnormal market terms
- Extensive individual investor consultations to establish consensus support
- Established a clear risk adjusted commercial business case for the fund and its constituent assets

Having comprehensively considered the above, the Operator has now determined a clear two stage execution pathway to proceed with its fund extension and modernisation strategy.

It is intended this investment strategy will be completed in 2015 and a clear recommendation presented to both the GP Board and investors in readiness for a Partnership extension vote.

Ongoing investor consultations are in place to keep all investors fully abreast of the Fund Manager's strategic plans.

3. Constitution and Governance

The Partnership is bound by the New Limited Partnership Deed and Articles of Partnership ('the Partnership Deed') dated 31 March 1999. A Deed of Variation dated 3 September 2003 between Lend Lease Europe GP Limited, the Limited Partners, and Lend Lease Real Estate Investments Limited amended this deed. Further amendments were made by a resolution of the Partners Committee on 18 June 2004. With the extension and modernisation of the Partnership a further Deed of Variation dated 10 November 2010 between Lend Lease Europe GP Limited, the Limited Partners, and Lend Lease Real Estate Investments Limited amended this deed.

4. Capital Contributions

The capital contributions of the Partners are set out in note 8 to the accounts.

5. Rights and Entitlements

General Partner and Operator

The General Partner has overall responsibility for the management and control of the business of the Partnership. This includes supervision of the Operator in the performance of its functions as set out in the Articles of the Partnership.

The primary functions of the Operator are to:

- admit limited partners, arrange transfer of participants and make calls on loan commitments;
- distribute annual accounts, valuations and quarterly reports to Partners;
- maintain all books and records;
- acquire, manage and control the properties (or procure such services) and any other Partnership assets; and
- arrange for disposal of any Partnership assets and act as liquidating trustee on winding up.

The Board of the General Partner includes three D Directors (independent directors), who are appointed by the holders of D shares (held by Limited Partners of the Partnership). During 2004, one D Director was appointed as the Chairman of the Board of the General Partner. This appointment is considered to be good Corporate Governance practice and is a policy that is intended to continue on an ongoing basis.

After due consultation with the LLRP investors, a resolution was passed on 4th February 2014 for the reappointment of the existing three D Directors. Messrs Saunders (Chairman), Thompson and Peto were free to be reappointed for a further 3 year term and after due consultation they confirmed a willingness to act. The reappointments are intended to be on a phased term basis, in order to mitigate the risk of all three D Director contracts expiring simultaneously.

The agreement of the majority of the D Directors is required along with the approval of the Board of the General Partner for any new contract or material variation to an existing contract between the Partnership and the Lend Lease Group.

The General Partner is paid a quarterly Base Fee of 0.075% of the average funds under management for the quarter. This is subject to a minimum of £300,000 per quarter.

A performance fee is also payable to the General Partner. The Performance Fee is 0.15% of the average funds under management for each 1% that the average of the Partnership's total return before fees (on a three year rolling basis) exceeds the IPD standing investments index by 110% for shopping centres (on a three year rolling basis). The annual Performance Fee is limited to a maximum of 0.5% of the average funds under management. The Partnership Deed specifies that this performance fee payable in cash is limited to a maximum of 0.25% of average funds under management.

For the year ended 31 December 2014, the Partnership performance fee payable is £1,433,587 (2013: £3,357,299). The performance fees outstanding at the year end to the Partnership are set out in note 8 to the accounts.

In accordance with the Partnership deed, the 2014 performance fee will be paid in cash based on the NAV following the signing of the year end accounts which will be 30 April 2014. Based on the 31 December 2014 NAV, £1,433,587 will be paid in cash (2013 performance fee was paid in participations of £1,433,370 and cash of £1,923,929).

All Partners

Distributions are made to Partners in proportion to their respective capital contributions.

Distributions of the net operating income are made at least quarterly, subject to certain restrictions under the Partnership Deed.

6. Responsibilities of the General Partner

The General Partner is responsible for preparing the General Partner's report and the financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the General Partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the General Partner has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the General Partner 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the qualifying partnership will continue in business.

The General Partner has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

7. Provision of Information to the Auditor

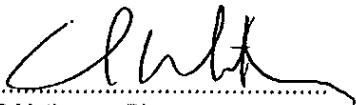
Each of the directors of the General Partnership, at the date of this report, confirms that:

- so far as the director is aware, there is no relevant audit information of which the partnerships auditor is unaware, and;
- The director has taken all steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information, and to establish that the Partnership's auditor is aware of that information.

8. Auditor

KPMG LLP have expressed their willingness to continue as auditor to the Partnership under Section 486 of Companies Act (2006).

Signed on behalf of Lend Lease Europe GP Limited

A handwritten signature in black ink, appearing to read 'C Matheson', written over a dotted line.

C Matheson, Director

4TH June 2015

Independent auditor's report to the members of Lend Lease Retail Partnership

We have audited the financial statements of Lend lease Retail Partnership for the year ended 31 December 2014 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership'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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the General Partner's Responsibilities Statement set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

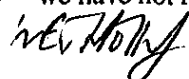
In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships requires us 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

8 June 2015

LEND LEASE RETAIL PARTNERSHIP
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

| | Note | 31-Dec-14 £ '000 | 31-Dec-13 £ '000 |
|--|------|---------------------|---------------------|
| INCOME | | | |
| Bluewater Rental Income | 2 | 18,969 | 18,514 |
| Touchwood Rental Income | 2 | <u>20,282</u> | <u>19,731</u> |
| | | 39,251 | 38,245 |
| Touchwood Property Expense | 2 | <u>(5,527)</u> | <u>(6,036)</u> |
| Net Property Income | | 33,724 | 32,209 |
| OPERATING EXPENSES | | | |
| D Directors fees & expenses | | (61) | (54) |
| Audit & tax fees | | (33) | (38) |
| Other operating expenses | | <u>(475)</u> | <u>(205)</u> |
| Gross Operating Income for the Year | | 33,155 | 31,912 |
| Management Fee - General Partner's Base Fee | | (1,620) | (2,179) |
| Performance fee | | <u>(1,434)</u> | <u>(3,357)</u> |
| Net Operating Income for the Year | | 30,101 | 26,376 |
| Bank interest received | 3 | 71 | 20 |
| Retained Earnings Brought Forward | | <u>-</u> | <u>-</u> |
| Net Appropriations for the Year | | 30,172 | 26,396 |
| Transfer to capital reserves | 8 | (2,315) | (1,693) |
| Distributions paid and proposed in the year | 8 | <u>(27,857)</u> | <u>(24,703)</u> |
| Retained Earnings Carried Forward | | <u>-</u> | <u>-</u> |

The above result represents the continuing operations of the Partnership in the United Kingdom.

There is no difference between the net operating income for the year and the retained earnings at the end of the year stated above, and their historical cost equivalents.

LEND LEASE RETAIL PARTNERSHIP

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2014

| | Note | 31-Dec-14 £'000 | 31-Dec-13 £'000 |
|--|------|--------------------|--------------------|
| Net income for the year | | 30,172 | 26,396 |
| Unrealised gain on revaluation of properties | 8 | <u>79,626</u> | <u>18,943</u> |
| Total gain for the year | | <u>109,799</u> | <u>45,339</u> |

LEND LEASE RETAIL PARTNERSHIP

BALANCE SHEET AS AT 31 DECEMBER 2014

| | Note | 31-Dec-14 £ '000 | 31-Dec-13 £ '000 |
|---|------|---------------------|---------------------|
| Fixed Assets | | | |
| Investment Properties | 4 | 804,469 | 723,266 |
| Other non current assets | 6 | <u>1,485</u> | <u>747</u> |
| | | 805,954 | 724,013 |
| Current Assets | | | |
| Debtors | 6 | 1,909 | 2,099 |
| Cash at Bank | | <u>10,837</u> | <u>9,523</u> |
| | | 12,746 | 11,622 |
| Current Liabilities | | | |
| Creditors - Amounts falling due within one year | 7 | <u>(9,076)</u> | <u>(11,406)</u> |
| Net Current Assets | | <u>3,670</u> | <u>216</u> |
| Total Assets less Current Liabilities | | <u>809,624</u> | <u>724,229</u> |
| Partners' Reserves | | | |
| Capital Accounts | 8 | 5 | 5 |
| Loan Accounts | 8 | 504,961 | 504,023 |
| Capital Reserves | 8 | 10,290 | 7,975 |
| Premium Reserve | 8 | 663 | 214 |
| Current Accounts | 8 | 1,141 | (926) |
| Revaluation Reserve | 8 | <u>292,564</u> | <u>212,938</u> |
| | | <u>809,624</u> | <u>724,229</u> |

The financial statements on pages 8 to 17 were approved and on authorised for issue by the General Partner on



Craig Matheson, Director Lend Lease Europe GP Limited
for and on behalf of Lend Lease Europe GP Limited

4TH June 2015

LEND LEASE RETAIL PARTNERSHIP
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

| | Note | 31-Dec-14 £ '000 | 31-Dec-13 £ '000 |
|---|------|---------------------|---------------------|
| Net Cash Flows from Operating Activities | 10 | <u>30,291</u> | <u>29,819</u> |
| <i>Returns on Investment and Servicing of Finance</i> | | | |
| Interest Received | 3 | <u>71</u> | <u>20</u> |
| Capital Expenditure and Financial Investment | | | |
| Additions to Investment Property | 4 | <u>(1,577)</u> | <u>(1,709)</u> |
| Net cash outflow from investing activities | | <u>(1,577)</u> | <u>(1,709)</u> |
| Cash Distributions | 8 | <u>(25,788)</u> | <u>(27,764)</u> |
| Net cash inflow from operating activities | | <u>2,997</u> | <u>366</u> |
| Cash Flows from Financing Activities | | | |
| Advances repaid to Partners | 8 | <u>(56)</u> | <u>-</u> |
| Net cash outflow from financing activities | | <u>(56)</u> | <u>-</u> |
| Cash and Cash Equivalents at 1 January | | 9,523 | 9,157 |
| Net increase in Cash and Cash Equivalents | | 2,941 | 366 |
| Cash and Cash Equivalents at 31 December | | <u>10,837</u> | <u>9,523</u> |

LEND LEASE RETAIL PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting Policies

1.1 Basis of Preparation

These audited financial statements for the year ended 31 December 2014 have been prepared in accordance with the Partnership Deed under the historical cost convention, as modified by the revaluation of fixed asset investments, and in accordance with UK GAAP.

1.2 Interest Receivable

Interest receivable is shown gross before deduction of income tax and is included on an accruals basis.

1.3 Rents Receivable

Bluewater rental income consists of the net cash receipts from the operation, both distributed and undistributed, which relate to the reporting period.

Touchwood rental income consists of all property related rental income prepared on an accruals basis for the reporting period.

1.4 Property Expenses

Touchwood rental expense consists of all non-recoverable expenses prepared on an accruals basis for the reporting period.

1.5 Deferred Income

Deferred income consists of cash receipts for property rental income that relates to future reporting periods.

1.6 Investment Properties

The investment properties are included in the balance sheet at their open market value on the basis of a professional valuation carried out by CB Richard Ellis Limited as at 31 December 2014.

No depreciation is provided on the investment property in accordance with paragraph 10 of Statement of Standard Accounting Practice 19 "Accounting for Investment Properties" ("SSAP 19"). This is a departure from the requirement of the Companies Act 1985 concerning the depreciation of fixed assets, yet the policy adopted is necessary for the financial statements to give a true and fair view.

Expenditure on investment properties is capitalised in the year in which the expenditure is incurred.

1.7 Acquisitions and Disposals

Acquisitions and disposals of investment properties are recognised when legal completion has occurred.

1.8 Interest on Partners' Capital accounts

The Capital Contributions, Premiums, Loan Commitments and Advances shall not carry interest per Article 5.4(a) to the Partnership Deed.

1.9 Taxation

The Partnership is not subject to taxation itself. Partners liable on their share of the surplus in the Partnership are responsible for settling those liabilities independently of the Partnership.

2.0 Lease Incentives

Payments made for unit fit out costs and rent frees suitable for an individual lessee only are treated as lease incentives in accordance with the UK Accounting Standard SSAP21 "Leases and hire purchase contracts" as updated by UITF28 "Operating lease incentives". The cost of these incentives are spread evenly over the life of the lease.

LEND LEASE RETAIL PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

2 Income from Investment Properties

| | 31-Dec-14 £ '000 | 31-Dec-13 £ '000 |
|----------------------------|---------------------|---------------------|
| Touchwood | | |
| Property Rental Income | 16,151 | 15,797 |
| Service Charge Income | 4,131 | 3,934 |
| Total Gross Income | 20,282 | 19,731 |
| Service Charge Expenses | (4,131) | (3,934) |
| Ground Rent | (709) | (803) |
| Other Property Expenses | (687) | (1,299) |
| Total Expenses | (5,527) | (6,036) |
| Net Income | 14,755 | 13,695 |
| Bluewater | | |
| Property Rental Income | 18,969 | 18,514 |
| Net Property Income | 33,724 | 32,209 |

3 Interest Received

| | | |
|---------------|----|----|
| Bank interest | 71 | 20 |
|---------------|----|----|

4 Investment Properties

| | | |
|---|----------------|----------------|
| Bluewater | | |
| Cost | | |
| As at 01 January | 307,791 | 306,602 |
| Additions during the year | 296 | 1,189 |
| As at 31 December | 308,087 | 307,791 |
| Revaluation Surplus | | |
| As at 01 January | 151,709 | 132,923 |
| Revaluation during the year | 68,667 | 19,786 |
| As at 31 December | 220,376 | 151,709 |
| Total | | |
| Bluewater Valuation at 31 December | 528,463 | 459,500 |
| Touchwood | | |
| Cost | | |
| As at 01 January | 202,536 | 202,016 |
| Additions during the year | 1,281 | 520 |
| As at 31 December | 203,817 | 202,536 |
| Revaluation Surplus | | |
| As at 01 January | 61,230 | 61,073 |
| Revaluation during the year | 10,959 | 157 |
| As at 31 December | 72,189 | 61,230 |
| Total | | |
| Touchwood Valuation at 31 December | 276,006 | 263,766 |
| Total All Properties | 804,469 | 723,266 |

The investment property was revalued as at 31 December 2014 by external valuers CB Richard Ellis Limited (CBRE), who valued Bluewater at £528,462,750 and Touchwood at £276,000,000. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. These values have been adjusted in accordance with UITF 28 'Accounting for operating lease incentives' to reflect the value of lease incentives currently shown under Note 7. Debtors to avoid double counting the value in the Net Asset Value.

Reconciliation of CBRE valuation to Net Property Value on Balance Sheet

| | 31-Dec-14 £'000 | 31-Dec-13 £'000 |
|---|--------------------|--------------------|
| CBRE valuation - Bluewater | 528,463 | 459,500 |
| CBRE valuation - Touchwood | 276,000 | 265,200 |
| CBRE Valuation at 31 December | 804,463 | 724,700 |
| Lease Incentives | (1,994) | (1,434) |
| Total Net Property Value after lease incentives at 31 December | 804,469 | 723,266 |

LEND LEASE RETAIL PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

5 Commitments

Each Participation Issued to the Limited Partners had an original Loan Commitment of £100,000. The Participations held by the General Partner have no loan commitment. As a result of the amendment to the partnership deed on 12 November 2010, all outstanding loan commitments were cancelled after the commitment to fund the Bluewater Events Venue was fulfilled in year ending 2011. To date a total of £504.1million commitments have been drawn down out of a possible of £507.3million resulting in un-called commitments of £3.2million.

| | 31-Dec-14 | 31-Dec-13 |
|---|--------------|--------------|
| | £ '000 | £ '000 |
| 6 Debtors | | |
| Rent receivable (Bluewater) | 377 | 377 |
| Rent receivable (Touchwood) | 635 | 524 |
| Rental Deposits - due after one year | 379 | 174 |
| Current lease incentives | 509 | 687 |
| Prepayments | 9 | 23 |
| Bluewater Events Venue prepayment to Blueco Limited | - | 314 |
| | <u>1,909</u> | <u>2,099</u> |
| Non current lease incentives | 1,485 | 747 |
| | <u>1,485</u> | <u>747</u> |

| | 31-Dec-14 | 31-Dec-13 |
|--|--------------|---------------|
| | £ '000 | £ '000 |
| 7 Creditors - Amounts Falling Due Within One Year | | |
| Trade creditors | 447 | 150 |
| Accruals & Deferred Income | 5,273 | 5,582 |
| Rental Deposits - due after one year | 296 | 188 |
| Payable VAT | 1,165 | 1,559 |
| Base Fee due to General Partner | 461 | 550 |
| Performance fee | 1,434 | 3,357 |
| | <u>9,076</u> | <u>11,406</u> |

Amounts due to Lend Lease Europe Limited Lend Lease Europe GP Limited are unsecured, interest free and repayable on demand.

8 Capital and Current Accounts

- Partners' Capital Accounts at Cost

| | 31-Dec-13 | | Capital | 31-Dec-14 |
|--|-----------------|-------------------|--------------------|-----------------|
| | Opening Capital | Capital Issued in | Transferred in the | Closing Capital |
| | £ | the year | year | £ |
| Lend Lease Europe GP Limited | 1 | - | - | 1 |
| Lend Lease Europe Retail Investments Limited | 209 | 10 | - | 219 |
| Co-operative Insurance Society Limited | 250 | - | - | 250 |
| The National Farmers Union Mutual | 250 | - | - | 250 |
| Liverpool Victoria Friendly Society Limited | 98 | - | - | 98 |
| Harvester Properties Limited | 122 | - | - | 122 |
| Liverpool Victoria Pensions Trustees | 30 | - | - | 30 |
| Skandia Life Assurance Company Limited | 86 | - | (86) | - |
| West Sussex County Council | 89 | - | (89) | - |
| Canada Life | 40 | - | - | 40 |
| LLRP Jersey Unit Trust | 3,649 | - | 89 | 3,738 |
| The Crown Estate | 250 | - | - | 250 |
| Kent Retail Investments Limited | - | - | 86 | 86 |
| | <u>5,074</u> | <u>10</u> | <u>-</u> | <u>5,084</u> |

LEND LEASE RETAIL PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8 Capital and Current Accounts (continued)

- Partners' Loan Accounts

31-Dec-13

31-Dec-14

| | Opening Loan Advances £ | Advances During the year £ | Loan Advances repaid during the year £ | Loan Advances transferred during the year £ | Non-cash element of 2013 performance fee £ | Closing Loan Advances £ |
|---|-------------------------------|----------------------------------|---|--|---|-------------------------------|
| Lend Lease Europe GP Limited | - | - | - | - | - | - |
| Lend Lease Europe Retail Investments | 20,765,013 | - | (2,315) | - | 993,541 | 21,756,239 |
| Co-operative Insurance Society Limited | 24,838,532 | - | (2,769) | - | - | 24,835,763 |
| The National Farmers Union Mutual | 24,838,532 | - | (2,769) | - | - | 24,835,763 |
| Liverpool Victoria Friendly Society Limited | 9,733,849 | - | (2,437) | - | - | 9,731,412 |
| Harvester Properties Limited | 12,124,058 | - | - | - | - | 12,124,058 |
| Liverpool Victoria Pensions Trustees | 2,980,624 | - | (332) | - | - | 2,980,292 |
| Skandia Life Assurance Company Limited | 8,544,454 | - | (953) | (8,543,501) | - | - |
| West Sussex County Council | 8,842,516 | - | (986) | (8,841,530) | - | - |
| Canada Life | 3,974,165 | - | (443) | - | - | 3,973,722 |
| LLRP Jersey Unit Trust | 362,543,208 | - | (40,422) | 8,841,530 | - | 371,344,316 |
| The Crown Estate | 24,838,532 | - | (2,769) | - | - | 24,835,763 |
| Kent Retail Investments Limited | - | - | - | 8,543,501 | - | 8,543,501 |
| | <u>504,023,483</u> | <u>-</u> | <u>(56,196)</u> | <u>-</u> | <u>993,541</u> | <u>504,960,828</u> |

- Partners' Capital Reserves

31-Dec-13

Capital
Expenditure
& Lease Incentive
movement
£

Amortisation
£

Adjustments
on sale of
participations
£

31-Dec-14

| | Opening Capital Reserve £ | Capital Expenditure & Lease Incentive movement £ | Amortisation £ | Adjustments on sale of participations £ | Closing Capital Reserve £ |
|---|------------------------------------|--|-------------------|--|------------------------------------|
| Lend Lease Europe GP Limited | 1,577 | 455 | - | - | 2,032 |
| Lend Lease Europe Retail Investments | 318,516 | 99,726 | - | - | 418,242 |
| Co-operative Insurance Society Limited | 393,867 | 113,842 | - | - | 507,709 |
| The National Farmers Union Mutual | 393,867 | 113,842 | - | - | 507,709 |
| Liverpool Victoria Friendly Society Ltd | 154,397 | 44,626 | - | - | 199,023 |
| Harvester Properties Limited | 192,208 | 55,555 | - | - | 247,763 |
| Liverpool Victoria Pensions Trustees | 47,284 | 13,661 | - | - | 60,925 |
| Skandia Life Assurance Company Ltd | 135,488 | 8,763 | - | (144,251) | - |
| West Sussex County Council | 140,218 | 9,065 | - | (149,283) | - |
| Canada Life | 40,322 | 18,215 | - | - | 58,537 |
| LLRP Jersey Unit Trust | 5,905,082 | 1,693,105 | - | 149,283 | 7,747,470 |
| The Crown Estate | 252,025 | 113,842 | - | - | 365,867 |
| Kent Retail Investments Limited | - | 30,401 | - | 144,251 | 174,652 |
| | <u>7,974,831</u> | <u>2,315,100</u> | <u>-</u> | <u>-</u> | <u>10,289,929</u> |

- Partners' Premium Reserves

31-Dec-13

Transferred
from current
during the year
£

Other
adjustments
£

Non-cash
element of 2013
performance
fee
£

31-Dec-14

| | Opening Premium Reserve £ | Transferred from current during the year £ | Other adjustments £ | Non-cash element of 2013 performance fee £ | Closing Premium Reserve £ |
|---|------------------------------------|---|---------------------------|--|------------------------------------|
| Lend Lease Europe GP Limited | - | - | - | - | - |
| Lend Lease Europe Retail Investments | 213,703 | - | - | 449,536 | 663,239 |
| Co-operative Insurance Society Limited | - | - | - | - | - |
| The National Farmers Union Mutual | - | - | - | - | - |
| Liverpool Victoria Friendly Society Ltd | - | - | - | - | - |
| Harvester Properties Limited | - | - | - | - | - |
| Liverpool Victoria Pensions Trustees | - | - | - | - | - |
| Skandia Life Assurance Company Ltd | - | - | - | - | - |
| West Sussex County Council | - | - | - | - | - |
| Canada Life | - | - | - | - | - |
| LLRP Jersey Unit Trust | - | - | - | - | - |
| The Crown Estate | - | - | - | - | - |
| Kent Retail Investments Limited | - | - | - | - | - |
| | <u>213,703</u> | <u>-</u> | <u>-</u> | <u>449,536</u> | <u>663,239</u> |

LEND LEASE RETAIL PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

8 Capital and Current Accounts (continued)

| | 31-Dec-13 | | | | 31-Dec-14 |
|---|------------------|-------------------|---------------------|-------------|------------------|
| - Partners' Current Accounts | Opening | Share of | Distributions | Adjustments | Closing |
| | Balance | Net Income | Paid | on sale of | Balance |
| | £ | £ | £ | £ | £ |
| Lend Lease Europe GP Limited | 3,311 | 5,482 | (5,088) | - | 3,705 |
| Lend Lease Europe Retail Investments Ltd | (103,666) | 1,188,160 | (1,091,416) | - | (6,922) |
| Co-operative Insurance Society Limited | (48,127) | 1,370,384 | (1,269,109) | - | 55,148 |
| The National Farmers Union Mutual Insurance Society Ltd | (48,127) | 1,370,384 | (1,269,109) | - | 55,148 |
| Liverpool Victoria Friendly Society Ltd | (147,302) | 537,191 | (496,139) | - | (106,250) |
| Harvester Properties Limited | 106,676 | 668,748 | (620,677) | - | 154,747 |
| Liverpool Victoria Pensions Trustees | (5,538) | 164,446 | (152,293) | - | 6,615 |
| Skandia Life Assurance Company Ltd | (15,876) | 376,664 | (436,574) | 75,786 | - |
| West Sussex County Council | (18,438) | 389,802 | (301,305) | (72,059) | - |
| Canada Life | (14,134) | 219,261 | (203,057) | - | 2,070 |
| LLRP Jersey Unit Trust | (595,070) | 20,100,184 | (18,674,414) | 72,059 | 902,759 |
| The Crown Estate | (46,167) | 1,370,384 | (1,269,109) | - | 55,108 |
| Kent Retail Investments Limited | - | 94,749 | - | (75,786) | 18,963 |
| | <u>(926,458)</u> | <u>27,855,839</u> | <u>(25,788,290)</u> | <u>-</u> | <u>1,141,091</u> |

As a result of the 31-December 2009 performance fee, Lend Lease Europe Retail Investments Ltd were issued 9 participations worth a total value of £1.086 million and 10 participations in 2014 worth a total value of £1.443 million. This resulted in the dilution of all existing partners current accounts by £2.529 million offset by a £2.529 million increase in Lend Lease Europe Retail Investments Ltd's other reserves (loan advance and premium account).

As a result, the total net current assets of the partnership will not equal the partners current account by a total of £2.529 million at 31 December 2014.

Investment Revaluation Reserve

| | 31-Dec-14 | 31-Dec-13 |
|------------------------|----------------|----------------|
| | £ '000 | £ '000 |
| Balance at 01 January | 212,938 | 193,985 |
| Revaluation in year | <u>79,626</u> | <u>18,943</u> |
| Balance at 31 December | <u>292,564</u> | <u>212,938</u> |

9 Reconciliation of Movements in Partners' Funds

| | 31-Dec-14 | 31-Dec-13 |
|--|----------------|----------------|
| | £ '000 | £ '000 |
| Partners Funds at 01 January | 724,229 | 706,654 |
| Movement in Partners' Capital Reserves | 2,315 | 1,693 |
| Movement in Partners' Premium Reserves | 449 | - |
| Movement in Partners' Current Accounts | 2,067 | (3,061) |
| Loan advances in year | 938 | - |
| Revaluation in year (refer Note 10) | <u>79,626</u> | <u>18,943</u> |
| Partners' Funds at 31 December | <u>809,624</u> | <u>724,229</u> |

LEND LEASE RETAIL PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

10 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

| | 31-Dec-14 | 31-Dec-13 |
|---|---------------|---------------|
| | £ '000 | £ '000 |
| Net Operating income | 30,101 | 26,376 |
| Decrease in debtors | 190 | 1,304 |
| Increase in creditors | - | 2,139 |
| Net cash inflow from operating activities | <u>30,291</u> | <u>29,819</u> |

11 Analysis of Assets in Cash during the Year

| | 31-Dec-14 | 31-Dec-13 |
|---------------------------|---------------|--------------|
| | £ '000 | £ '000 |
| Balance at 01 January | 8,523 | 8,157 |
| Net cash (outflow)/inflow | 1,314 | 366 |
| Balance at 31 December | <u>10,837</u> | <u>9,523</u> |

12 Related Parties

The General Partner is responsible for the management and control of the Partnership. The ultimate holding company of the General Partner is Lend Lease Corporation Limited.

The Founder of the Partnership is Lend Lease Europe Retail Investments Limited and Lend Lease Solihull Limited who is party to the Land Purchase Agreement and the Development Services Agreement, both have Lend Lease Corporation Limited as their ultimate parent company. Blueco Limited, the party with whom the Partnership has a lease-back for its 25% interest in Bluewater was sold by the Lend Lease group in June 14.

The following transactions have taken place with the Lend Lease Group over the year:

| | Year Ended 31-Dec-14 | Year Ended 31-Dec-13 |
|---|-------------------------|-------------------------|
| | £ '000 | £ '000 |
| Base Fee | 1,620 | 2,179 |
| Bluewater Asset Management Fee | 345 | - |
| Performance Fee | 1,434 | 3,357 |
| D Directors Fees & Expenses | 61 | 54 |
| Bluewater Rental Income | (8,597) | (18,514) |
| Salary recharges payable to Lend Lease Real Estate Investment Services Limited | 1,471 | 1,098 |
| Facilities Management fee payable to Lend Lease Facilities Management Limited | 2,820 | 4,169 |
| Wintergarden refurbishment cost | - | 37 |
| Amounts receivable/(payable) by the Partnership at balance date are as follows (all shown net of VAT) | | |
| Bluewater Rental Income | - | 377 |
| Cash contribution to Blueco Ltd for Bluewater Events Venue | - | 314 |
| Base Fee | (461) | (550) |
| D Directors Fees & Expenses | (61) | (54) |
| Salary recharges payable to Lend Lease Real Estate Investment Services Limited | - | 294 |
| Facilities Management fee payable to Lend Lease Facilities Management Limited | - | 103 |
| Performance Fee | (1,434) | (3,357) |

Please refer to Note 9 for movements in loan advances, capital and distributions with the Lend Lease Group.

13 Remuneration

The Manager acts as the Alternative Investment Fund Manager ("AIFM") to the Fund. As required under section 3.3.5.R(5) of the Investment Fund Sourcebook, the following information is provided in respect of remuneration paid by the AIFM to its staff for the 2014 financial year.

Total remuneration paid to employees during the financial year

| | 31-Dec-14 |
|---|------------|
| | £ '000 |
| Fixed Remuneration, including any carried interest paid by the AIF | 290 |
| Variable Remuneration, including any carried interest paid by the AIF | 121 |
| | <u>411</u> |

The number of beneficiaries

5

A split of remuneration has not been provided between senior management and members of staff as it would allow identification of individual salaries.

Alternative Investment Managers Directive (AIFMD)

On 2 April 2014, the Financial Conduct Authority (FCA) authorised Lend Lease Retail Investments Limited, as an Alternative Investment Fund Manager, to manage the Fund as an Authorised Investment Fund.