

Company registration number: 03540670

# Lendlease Europe GP Limited

Annual Report and Financial Statements

for the year ended 30 June 2021



# **Lendlease Europe GP Limited**

## **Contents**

<b>Directors' Report</b>	<b>1 to 2</b>
<b>Statement of Directors' Responsibilities</b>	<b>3</b>
<b>Independent Auditor's Report to the Members of Lendlease Europe GP Limited</b>	<b>4 to 7</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>8</b>
<b>Statement of Financial Position</b>	<b>9</b>
<b>Statement of Changes in Equity</b>	<b>10</b>
<b>Notes to the Financial Statements</b>	<b>11 to 21</b>

## **Lendlease Europe GP Limited**

### **Directors' Report for the Year Ended 30 June 2021**

The directors of Lendlease Europe GP Limited present their report for the financial year ended 30 June 2021.

#### **Directors of the company**

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

M Boor (resigned 13 August 2020)

R H H Peto

K G Saunders

N H C Thompson

M Faruqi (resigned 10 June 2021)

S Leckie (appointed 13 August 2020)

J Walker (appointed 18 June 2021)

#### **Results**

The Company's profit after tax for the year was £378,074 (2020: £37,780).

#### **Dividends**

The directors do not recommend the payment of a dividend (2020: £nil).

#### **Business review**

The principal activity is to act as a general partner for the Lendlease Retail LP.

The principal income that the Company receives is fees from the Lendlease Retail LP. The principal costs incurred are asset and fund management fees payable to Lendlease Real Estate Investments (Europe) Limited.

Lendlease Retail LP was launched in June 1999. The fund is a unlisted English Limited Partnership with a Jersey feeder fund. Its purpose was to provide exposure to long term sustainable commercial real estate assets via capital management, asset management and development of its prime core portfolio.

The fund expired on 12 November 2017 and will be wound up by the Liquidating Trustee, Lendlease Real Estate Investments (Europe) Limited, as soon as reasonably practical. The sale of Touchwood was completed in July 2021 and the remaining retail asset in the fund is being actively marketed. As general partner, the Company will supervise the liquidation process. It is the intention of the directors to liquidate the Company following this, therefore the financial statements have not been prepared on a going concern basis.

#### **Political donations**

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

## **Lendlease Europe GP Limited**

### **Directors' Report for the Year Ended 30 June 2021 (continued)**

#### **Outlook**

It is the intention of the directors to wind up the Company within the next financial period.

Lendlease is closely monitoring the situation relating to COVID-19 which emerged in early 2020 and continues into 2021. With the roll out of the vaccine there is optimism that the UK's economy will start to bounce back although the speed of recovery is unknown. The full impact the pandemic will have on the Company is uncertain given the situation is evolving and the wider impact on the economy is unknown, however due to the nature of the Company, to date, there has not been a material impact.

The Company has appointed Lendlease Real Estate Investments (Europe) Limited (REI) as Operator and Liquidating Trustee of the Lendlease Retail LP. The Company Board monitors the activities and processes of REI including with respect to the developing situation with COVID-19.

#### **Events after the balance sheet date**

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

#### **Disclosure of information to the auditor**

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

#### **Reappointment of auditor**

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

Approved by the Board on 24/09/2021 ..... and signed on its behalf by:



.....  
J Walker  
Director

## **Lendlease Europe GP Limited**

### **Statement of Directors' Responsibilities**

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 the directors have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

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

## **Independent Auditor's Report to the Members of Lendlease Europe GP Limited**

### **Opinion**

We have audited the financial statements of Lendlease Europe GP Limited (the "Company") for the year ended 30 June 2021, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 3. These financial statements have not been prepared on the going concern basis for the reason set out in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

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

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

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

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

We did not identify any additional fraud risks.

We performed procedures including:

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

## **Independent Auditor's Report to the Members of Lendlease Europe GP Limited (continued)**

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

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

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

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

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

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

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

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

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

## **Independent Auditor's Report to the Members of Lendlease Europe GP Limited (continued)**

### **Directors' report**

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

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

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

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

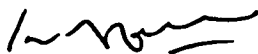
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Independent Auditor's Report to the Members of Lendlease Europe GP Limited  
(continued)**

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

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



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

Date: 27 September 2021  
.....

# Lendlease Europe GP Limited

## Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2021

	Note	2021 £	2020 £
Revenue	4	1,136,719	1,090,712
Operating expenses		(680,190)	(1,061,332)
Other operating income	5	-	6,062
<b>Results from operating activities</b>		<b>456,529</b>	<b>35,442</b>
Finance income	6	10,892	11,573
Finance costs	6	(632)	(482)
<b>Net finance income</b>		<b>10,260</b>	<b>11,091</b>
<b>Profit before tax</b>		<b>466,789</b>	<b>46,533</b>
Income tax expense	10	(88,715)	(8,753)
<b>Profit after tax</b>		<b>378,074</b>	<b>37,780</b>
<b>Total comprehensive income after tax</b>		<b>378,074</b>	<b>37,780</b>

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 11 to 21.


# Lendlease Europe GP Limited

## Statement of Financial Position as at 30 June 2021

	Note	2021 £	2020 £
<b>Non current assets</b>			
Investments	11	1	1
<b>Total non current assets</b>		<u>1</u>	<u>1</u>
<b>Current assets</b>			
Cash and cash equivalents		319,013	290,927
Trade and other receivables	12	1,558,756	1,571,466
<b>Total current assets</b>		<u>1,877,769</u>	<u>1,862,393</u>
<b>Total assets</b>		<u>1,877,770</u>	<u>1,862,394</u>
<b>Current liabilities</b>			
Trade and other payables	14	(140,434)	(591,847)
Current tax payable		(97,495)	(8,780)
<b>Total current liabilities</b>		<u>(237,929)</u>	<u>(600,627)</u>
<b>Net assets</b>		<u>1,639,841</u>	<u>1,261,767</u>
<b>Equity</b>			
Issued capital	13	52	52
Retained earnings		1,639,789	1,261,715
<b>Total equity</b>		<u>1,639,841</u>	<u>1,261,767</u>

The notes to and forming part of these financial statements are set out on pages 11 to 21.

These statements were approved by the Board on 24/09/2021 and were signed on its behalf by:

..... 

J Walker

Director

Company Registration Number: 03540670

## Lendlease Europe GP Limited

### Statement of Changes in Equity for the year ended 30 June 2021

	Share capital £	Retained earnings £	Total £
At 1 July 2020	52	1,261,715	1,261,767
<b>Total comprehensive income</b>			
Profit for the year	-	378,074	378,074
<b>Total comprehensive income</b>	-	378,074	378,074
At 30 June 2021	52	1,639,789	1,639,841

	Share capital £	Retained earnings £	Total £
At 30 June 2019	52	1,223,935	1,223,987
<b>Total comprehensive income</b>			
Profit for the year	-	37,780	37,780
<b>Total comprehensive income</b>	-	37,780	37,780
At 30 June 2020	52	1,261,715	1,261,767

The notes to and forming part of these financial statements are set out on pages 11 to 21.

# **Lendlease Europe GP Limited**

## **Notes to the Financial Statements for the year ended 30 June 2021**

### **1 General information**

Lendlease Europe GP Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 03540670.

The address of its registered office is:

20 Triton Street  
Regent's Place  
London  
NW1 3BF  
United Kingdom

### **2 Basis of preparation**

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

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

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

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

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

## **Lendlease Europe GP Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **2 Basis of preparation (continued)**

These financial statements are the separate financial statements of Lendlease Europe GP Limited. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the IFRS compliant consolidated financial statements of the parent, Lendlease Corporation Limited. Refer to note 16.

#### **Summary of significant accounting policies and key accounting estimates**

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

#### **Impact of new and revised accounting**

None of the standards, interpretations and amendments which are effective for periods beginning on or after 1 July 2020 have had or are expected to have a material effect on the financial statements.

#### **Going concern**

As it is the intention of the directors to wind up the Company within the next financial period, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements.

#### **Critical accounting judgements and key sources of estimation uncertainty**

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

#### **3 Accounting policies**

##### **Revenue recognition**

##### *Provision of investment services*

Investment services include funds management, asset management, leasing and origination services.

Each contract with a customer to provide investment services is one performance obligation with revenue recognised over time as services are rendered. Typically, our performance obligation is to manage a client's capital and/or property for a specified period of time and is delivered as a series of daily performance obligations over time.

The transaction price for each contract may include variable consideration in the form of performance fees. Variable consideration is only included in the transaction price for a contract to the extent it is highly probable that a significant reversal of that revenue will not occur. The Company assesses probability of receiving variable consideration using a combination of commercial and market factors, and historical experience. Revenue is invoiced either monthly or quarterly based on the terms of each individual contract. Invoices are issued under commercial payment terms which is typically 30 days from when an invoice is issued.

Revenue is invoiced either monthly or quarterly based on the terms of each individual contract. Invoices are issued under commercial payment terms which is typically 30 days from when an invoice is issued.

## **Lendlease Europe GP Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **3 Accounting policies (continued)**

##### *Other revenue*

Other revenue primarily includes dividends, distributions and miscellaneous items. Dividend and distribution revenue is recognised when the right to receive payment is established, usually on declaration of the dividend or distribution.

##### **Finance income and costs**

Finance costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of costs incurred in connection with the arrangement of new borrowings facilities. Finance costs are expensed immediately as incurred unless they relate to acquisition and development of qualifying assets.

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

##### **Taxation**

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

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

##### **Investments**

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

##### **Cash and cash equivalents**

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

## **Lendlease Europe GP Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **3 Accounting policies (continued)**

##### **Trade and other receivables**

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

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

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

##### **Trade and other payables**

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

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Lendlease Europe GP Limited

### Notes to the Financial Statements for the year ended 30 June 2021 (continued)

#### 4 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	2021 £	2020 £
Provision of services	<u>1,136,719</u>	<u>1,090,712</u>
<b>Total revenue</b>	<u><b>1,136,719</b></u>	<u><b>1,090,712</b></u>

#### 5 Other income

The analysis of the Company's other operating income for the year is as follows:

	2021 £	2020 £
Dividends received	<u>-</u>	<u>6,062</u>
<b>Total other income</b>	<u><b>-</b></u>	<u><b>6,062</b></u>

#### 6 Finance income and costs

	2021 £	2020 £
<b>Finance income</b>		
Interest receivable from related parties	10,892	11,573
<b>Finance costs</b>		
Interest on bank overdrafts and borrowings	<u>(632)</u>	<u>(482)</u>
<b>Net finance income</b>	<u><b>10,260</b></u>	<u><b>11,091</b></u>

#### 7 Employees

The Company did not employ any staff during the year (2020: nil).

## Lendlease Europe GP Limited

### Notes to the Financial Statements for the year ended 30 June 2021 (continued)

#### 8 Directors' remuneration

The directors of the Company were all directly employed by Lendlease Construction (Europe) Limited however their costs were recharged to Lendlease Retail LP, apart from the following Directors whose costs were recharged to the below entities:

M Boor: Lendlease Real Estate Investment Services Limited  
M Faruqi: Lendlease Europe Limited  
S T Leckie: Lendlease Investment Management Holdings (Europe) Limited  
J M Walker: Lendlease Europe Limited

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

#### 9 Auditor's remuneration

	2021 £	2020 £
Audit of financial statements	<u>(4,847)</u>	<u>(3,808)</u>

The auditor's remuneration has been borne by a fellow group undertaking.

#### 10 Taxation

Tax charged in the Statement of Profit or Loss

	2021 £	2020 £
<b>Current tax</b>		
Current year	(88,690)	(8,780)
Adjustments in respect of prior years	<u>(25)</u>	<u>27</u>
<b>Total current tax</b>	<u>(88,715)</u>	<u>(8,753)</u>
<b>Total income tax charge</b>	<u>(88,715)</u>	<u>(8,753)</u>

# Lendlease Europe GP Limited

## Notes to the Financial Statements for the year ended 30 June 2021 (continued)

### 10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	466,789	46,533
Tax on profit at standard UK tax rate of 19.00%	(88,690)	(8,841)
Adjustments in respect of prior years	(25)	27
Income not taxable	-	1,152
Other	-	(1,091)
<b>Total income tax charge</b>	<b>(88,715)</b>	<b>(8,753)</b>

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

### 11 Investments

	2021 £	2020 £
Associates	1	1
<b>Total investments</b>	<b>1</b>	<b>1</b>

Details of the investment as at 30 June 2021 are as follows:

Name of Investment	Principal activity	Country of Incorporation	Note	Ownership and voting right %	
				2021	2020
Lendlease Retail LP	General Management	United Kingdom	1	0.02%	0.02%

### Notes - registered addresses:

1. 20 Triton Street, Regent's Place, London, NW1 3BF

## Lendlease Europe GP Limited

### Notes to the Financial Statements for the year ended 30 June 2021 (continued)

#### 12 Trade and other receivables

	30 June 2021 £	30 June 2020 £
<b>Current</b>		
Trade receivables	-	173,784
Amounts owing from related parties	833,730	889,872
Accrued income	288,125	275,337
Other receivables	436,901	232,473
<b>Total trade and other receivables</b>	<b>1,558,756</b>	<b>1,571,466</b>

In the current reporting period, additional reviews were undertaken to assess recoverability in light of the COVID-19 pandemic. As the majority of the Company's customers are Lendlease Group entities, no additional risk has been identified.

There is no impairment recognised on any receivables and no receivables past due.

## Lendlease Europe GP Limited

### Notes to the Financial Statements for the year ended 30 June 2021 (continued)

#### 13 Issued capital

##### Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
'O' Shares of £1 each	1	1	1	1
'D' Shares of £0.01 each	5,083	51	5,083	51
	<u>5,084</u>	<u>52</u>	<u>5,084</u>	<u>52</u>

#### Rights, preferences and restrictions

'D' Shares have the following rights, preferences and restrictions:

Holder of '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 have the following rights, preferences and restrictions:

Holders of 'O' Shares are entitled to 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.

#### 14 Trade and other payables

	30 June 2021 £	30 June 2020 £
<b>Current</b>		
Amounts due to related parties	(1)	(336,269)
Accrued expenses	(140,432)	(255,577)
Other payables	<u>(1)</u>	<u>(1)</u>
<b>Current trade and other payables</b>	<u><b>(140,434)</b></u>	<u><b>(591,847)</b></u>

## **Lendlease Europe GP Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **15 Related party transactions**

##### **15.1 Summary of transactions with related parties**

During the year, the Company received the following income and incurred the following costs with related parties:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Sale of goods and services:</b>		
Other related parties	<u>1,136,719</u>	<u>1,096,774</u>
<b>Total sale of goods and services</b>	<u><u>1,136,719</u></u>	<u><u>1,096,774</u></u>

##### **15.2 Related party receivables**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other related parties	<u>583,633</u>	<u>19,776</u>
<b>Total related parties receivables</b>	<u><u>583,633</u></u>	<u><u>19,776</u></u>

## **Lendlease Europe GP Limited**

### **Notes to the Financial Statements for the year ended 30 June 2021 (continued)**

#### **16 Parent and ultimate parent undertaking**

The Company's immediate parent is Lendlease Europe Limited.

The ultimate parent is Lendlease Corporation Limited.

#### **Relationship between entity and parents**

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

The address of Lendlease Corporation Limited is:

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

The consolidated financial statements of that group may be obtained from [www.lendlease.com](http://www.lendlease.com).

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

The address of Lendlease Europe Holdings Limited is:

20 Triton Street  
Regent's Place  
London NW1 3BF

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

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

#### **17 Subsequent events**

On 21 July 2021 Lendlease Retail LP sold its 100% interest in Touchwood Shopping Centre. The sale has no impact on the current year financial statements. A distribution in relation to the sale was received in August 2021.

There has been no other events or circumstances since the balance sheet date that would significantly affect the Company.

# **LENDLEASE RETAIL LP**

**General Partner's report and Financial Statements**

**Registered number: LP005871**

**For the year ended 31 December 2020**

## Contents Page

General information .....	3
Strategic Report.....	4
General Partner's Report .....	7
Statement of general partner's responsibilities in respect of the Strategic Report, the General Partner's Report and the financial statements .....	9
Independent auditor's report to the members of Lendlease Retail LP .....	10
Income Statement.....	13
Statement of Financial Position.....	14
Statement of Cash Flows .....	15
Statement of Changes in Net Assets attributable to the Partners .....	16
Notes to the Financial Statements .....	17

## **General Information**

### **Registered Address**

20 Triton Street  
Regent's Place  
London  
NW1 3BF

### **General Partner**

Lendlease Europe GP Limited  
20 Triton Street  
Regent's Place  
London  
NW1 3BF

### **Liquidating Trustee**

Lendlease Real Estate Investments (Europe) Limited  
20 Triton Street  
Regent's Place  
London  
NW1 3BF

### **Asset Manager**

Touchwood: Lendlease Real Estate Investment Services Limited  
20 Triton Street  
Regent's Place  
London  
NW1 3BF

Blucwater: Land Securities Group Plc  
100 Victoria Street  
London  
SW1E 5JL

### **Independent Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### **Legal Adviser to Limited Partnership**

Reed Smith LLP  
The Broadgate Tower  
20 Primrose Street  
London  
EC2A 2RS

### **Depository Services provider to Limited Partnership**

Langham Hall UK Depository LLP  
Aldwych House  
81 Aldwych  
London  
WC2B 4HN

### **Tax adviser**

Ernst & Young LLP  
100 Barbirolli Square  
Manchester  
M2 3EY

## Strategic Report

### 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 Lendlease Europe GP Limited as the General Partner. On 27 October 1998, Lendlease Europe Limited transferred its interest in the Partnership to Lendlease Europe Retail Investments Limited.

On 9 September 1998 the Partnership name was changed to 'Lendlease 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 Lendlease Real Estate Investments (Europe) Limited secured approval to extend the life of the Partnership until November 2017. In addition to the continuation of the Partnership, some modernisation to the terms of the Deed were carried out in response to market changes during the Partnership's 12-year life to date.

In 2016 the Partnership name was changed to Lendlease Retail LP. During that year the process began to extend the life of the Partnership until November 2024. This process was unsuccessful and on 10 November 2017 the Partners Committee made the decision not to extend the life of the partnership. On 12 November 2017 the Partnership was dissolved. From this date forward the Operator, Lendlease Real Estate Investments (Europe) Limited, is acting as Liquidating Trustee.

As a result, the financial statements of the Partnership have not been prepared on a going concern basis since 31 December 2017.

### Review of activities

#### The Partnership

In the financial year 2020 the net loss attributable to Partners was £190m (2019: £107.1m).

As reported by MSCI, for the calendar year 2020 the Lendlease Retail LP returned -31.3% (2019: -14.9%) compared to its stated benchmark (Held Shopping Centres Excluding the Lendlease Retail LP) which returned -26.9% (2019: -14.6%).

#### Principal risks and uncertainties of the Partnership

The Partnership term expired in November 2017 and the Operator was appointed Liquidating Trustee with the mandate to realise the assets as soon as reasonably practicable. Given the mandate, the Liquidating Trustee monitors the risks associated with disposal of the assets and updates the general partner board on the liquidation process on a quarterly basis. As part of the process the Operator has appointed Investment advisors to manage the orderly disposal of both assets.

2020 has seen the UK retail market suffer significant disruption due to COVID 19. An initial lockdown commencing on 23<sup>rd</sup> March saw the closure of all non-essential retail and a corresponding dramatic drop in sales. Although phased re-openings began in June, ongoing restrictions and public fear of the virus had a continued impact on shopping centre footfall and sales throughout the Summer. The tier system was introduced in mid-October, ahead of which Touchwood in Solihull had been subject to a local lockdown since mid September. Touchwood transitioned to Tier 2 which continued to allow non-essential retail to be open but imposed restrictions on multiple households meeting indoors which had an impact on catering. Bluewater was under lighter touch Tier 1 restrictions. However, this was swiftly followed by a second national lockdown in November, a critical trading period in the run up to Christmas. After the November lockdown, both centres were under Tier 3 restrictions which meant that food and beverage could only operate as take-away/delivery. There would also have been an impact on catchment as travel from surrounding Tier 2 areas was restricted.

## Strategic Report (continued)

Further disruption followed when a new Tier 4 (same restrictions as the November lockdown) was announced on 19th December and Bluewater became subject to Tier 4 restrictions and non-essential retail had to close from 20th December, ahead of the last few days of Christmas trading. Touchwood came under Tier 4 restrictions at the end of December.

Restrictions continued into 2021 with a third national lockdown effective from 5th January. The length of the lockdown was uncertain at the outset with Government stating restrictions could only be eased as a series of targets were met. This along with the closure of schools further dampened sentiment towards the retail sector.

Lockdowns and ongoing restrictions have had an adverse impact on an already challenged retail sector. The majority are facing significant challenges to cashflow and wider P&Ls with greatly reduced sales through store closures and a reduced ability to service on-line orders. In response to these challenges and to adapt to the new retail environment many retailers have chosen to reduce their physical space requirements, renegotiate terms, seek concessions, or been forced to through CVA's and administration.

Reduced occupier demand has led to rapidly rising vacancy rates. As a consequence, many Landlords are offering increasingly attractive packages to mitigate an element of non-recoverable costs and ERVs have seen significant downwards adjustment. A variety of concessions; monthly billing, rent free, deferred rents, re-gear leases etc. have been agreed during 2020 to support struggling occupiers and encourage some receipts for rent and service charge. Such agreements have resulted in billed rent and service charge being lower than historic and below pre-COVID contracted levels. Despite this, collection rates are still significantly below historic levels. The assets in the Fund are not insured for loss of rent or business interruption as a result of COVID-19.

Asset Managers actively monitor tenants in arrears and implement strategies to minimise the impacts of tenant defaults. However, the restrictions imposed due to COVID 19 and the significant impact on the retail environment and occupier financial metrics has limited the extent to which mitigation is possible. The Government also introduced a moratorium on CRAR and evictions in Q2 2020 and this has so far been extended to June 2021 with the possibility of further extension. This has made it harder to recover arrears even from tenants in a strong financial position. Doubtful debts of £1.5m have been provided for the year end.

Cashflow is a key focus given the unprecedented low levels of rents and service charge receipts at the assets. Asset and Fund level costs are reviewed on an ongoing basis and action taken to minimise expenditure where possible. Distributions will not be paid until pressures on cashflow are alleviated. The Fund is ungeared and therefore does not have any onerous debt obligations.

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. However, the severity of the Global pandemic has limited the extent of mitigation and there has been significant valuation movement during 2020 due to falling income and resetting ERV levels. The threat to income continues into 2021 and the continuing uncertainty has been reflected in outward yield movement throughout 2020 and continuing into 2021.

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 loss of rent cover insurance for damage to the building which causes an interruption and having robust disaster contingency plans in place.

In normalised market conditions 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. Challenges and uncertainties in the market have led to a lack of transactions as purchaser underwrites have not met vendor expectations and wants. With little transactional evidence it is hard to get a precise estimate of asset valuations. Valuations for the Fund's assets have been carried out by one of the major valuation houses.

In March 2020, the RICS and major valuation houses decided to deploy a Material Valuation Uncertainty clause in all Valuation Reports in accordance with VGPA 10 of the Red Book due to the impact of COVID 19 and associated restrictions. For the LLRP, this clause was in place from March 2020 to August 2020 inclusive.

## Strategic Report (continued)

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

For the financial year ended 31 December 2020, the Partnership 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%

25% of the scheme was purchased by the Partnership in June 1999.

For the calendar year 2020, Bluewater underperformed against the MSCI benchmark of -26.9% and the peer group index for the Partnership. Bluewater returned -32.4% (2019: -16.1%) against its peer group index (Shopping Centres >50,001 sq m) of -32.2% (2019: -16.8%).

At 31 December 2020 CBRE valued Bluewater at £996.3 million (2019: £1,543 million) attributing a value of £249.1 million (2019: £385.8 million) to the Partnership's 25% interest.

At 31 March 2021 CBRE valued Bluewater at £218.8m to the Partnership's interest.

### Touchwood

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

For the calendar year 2020, Touchwood underperformed the MSCI benchmark of -26.9% for the Partnership and also underperformed against its peer group index. Touchwood returned -29.1% (2019: -12.5%) against its peer group index (Shopping Centres 25,001 – 50,000 sq m) of -27.3% (2019: -15%).

At 31 December 2020 CBRE valued Touchwood at £131.8 million (2019: £197.3 million) to the Partnership's interest.

At the 31 March 2021 CBRE valued Touchwood at £95m to the Partnership's interest.

### December 2020 Valuation

Details of movements in the value of the investment properties are set out in note 11 to the accounts.

### Partners

The General Partner is Lendlease Europe GP Limited, the Founder Limited Partner is Lendlease Europe Retail Investments (Europe) Limited. The Operator of the Partnership is Lendlease Real Estate Investments (Europe) Limited.

### Establishment of Jersey Property Unit Trust

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

Signed on behalf of Lendlease Europe GP Limited

**Maleeha**

**Faruqui**

Director

22 April 2021

Digitally signed by Maleeha Faruqui  
DN: cn=Maleeha Faruqui, c=GB,  
o=Lendlease, ou=Funds and Asset  
Management,  
email=maleeha.faruqui@lendlease.com,  
Date: 2021.04.22 15:02:34 +0100

## General Partner's Report

### 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 Lendlease Europe GP Limited, the Limited Partners, and Lendlease Real Estate Investments (Europe) 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 Lendlease Europe GP Limited, the Limited Partners, and Lendlease Real Estate Investments (Europe) Limited amended this deed.

In 2016 the Partnership name was changed to Lendlease Retail LP. During that year the process began to extend the life of the Partnership until November 2024. This process was unsuccessful and on 10 November 2017 the Partners Committee made the decision not to extend the life of the partnership. On 12 November 2017 the Partnership was dissolved. From this date forward the Operator, Lendlease Real Estate Investments (Europe) Limited, is acting as Liquidating Trustee.

As a result, the financial statements of the Partnership have not been prepared on a going concern basis since 31 December 2017.

### 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 participations 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 D shareholders (held by Limited Partners of the Partnership).

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 Lendlease 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. This fee continues to be payable during the liquidation phase of the partnership.

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 MSCI 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. This fee continues to be payable during the liquidation phase of the partnership.

## General Partner's Report (continued)

### Rights and entitlements (continued)

#### General Partner and Operator (continued)

For the year ended 31 December 2020, the Partnership performance fee payable is £nil as the Partnerships' total return before fees did not exceed the MSCI benchmark by 110% (2019: £nil).

#### All Partners

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

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

### Provision of information to the auditor

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

- so far as the director is aware, there is no relevant audit information of which the Partnership's 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.

### 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.

Signed on behalf of Lendlease Europe GP Limited

Maleeha  
.....Faruqi.....

Digitally signed by Maleeha Faruqi  
DN: cn=Maleeha Faruqi, c=GB,  
o=Lendlease, ou=Funds and Asset  
Management,  
email=maleeha.faruqi@lendlease.com  
Date: 2021.04.22 16:16:18 +01'00'

Director

22 April 2021

## **Statement of general partner's responsibilities in respect of the Strategic Report, the General Partner's Report and the financial statements**

The general partner is responsible for preparing the Strategic Report, 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law.

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 qualifying partnership and of the profit or loss of the qualifying 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 judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations or have no realistic alternative but to do so. As explained in note 2, the general partner does not believe it is appropriate to prepare these financial statements on a going concern basis.

The general partner is responsible for keeping adequate accounting records that are sufficient to show and explain the qualifying partnership's transactions and disclose with reasonable accuracy at any time the financial position of the qualifying partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the qualifying partnership and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of Lendlease Retail LP

### Opinion

We have audited the financial statements of Lendlease Retail LP ("the qualifying partnership") for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Net assets Attributable to the Partners, and related notes, including the accounting policies in note 2.

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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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.

### Basis for opinion

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

### Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosures made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

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

- Enquiring of the general partner of whether they are aware of fraud and of the qualifying partnership's high-level policies and procedures to prevent and detect fraud; and
- Reading Board minutes.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of the investment property. On this audit we do not believe there is a fraud risk related to revenue recognition because income arises from operating lease contracts with fixed, or highly predictable, periodic payments and is therefore non-judgmental, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the qualifying partnership fraud risk management controls.

We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- evaluating the business purpose of significant unusual transactions.

## **Independent auditor's report to the members of Lendlease Retail LP (continued)**

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

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

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

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

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

Secondly, the qualifying partnership is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: landlord and tenant legislation, property laws and building legislation, recognising the nature of the qualifying partnership's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the general partner and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

## **Strategic report and general partner's report**

The general partner is responsible for the strategic report and the general partner's report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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

## **Independent auditor's report to the members of Lendlease Retail LP (continued)**

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

### **General partner's responsibilities**

As explained more fully in the their statement set out on page 9, the general partner is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).<sup>1</sup>

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

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 qualifying 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 qualifying partnership and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

*Andrew Jones*

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

2 } April 2021

## Income statement

### For the year ended 31 December 2020

	Note	31 Dec 2020 £ '000	31 Dec 2019 £'000
<b>Income</b>			
Net income	2.3, 5	<u>11,005</u>	<u>32,466</u>
		<b>11,005</b>	<b>32,466</b>
<b>Expenses</b>			
Management fees	2.5	(1,202)	(1,297)
D Directors fees and expenses		(67)	(68)
Auditor's remuneration	6	(29)	(28)
Tax fees		13	(39)
Other operating expenses		<u>(249)</u>	<u>(466)</u>
		<b>(1,534)</b>	<b>(1,898)</b>
<b>Other Income</b>			
Gain on disposal of investment property	7	<u>1,115</u>	<u>-</u>
		<b>1,115</b>	<b>-</b>
<b>Other expenses</b>			
Development costs	8	(3,486)	-
Sales costs	9	<u>(545)</u>	<u>-</u>
		<b>(4,031)</b>	<b>-</b>
<b>Fair value movement</b>			
Fair value loss on investments	11	<u>(196,582)</u>	<u>(137,712)</u>
		<b>(196,582)</b>	<b>(137,712)</b>
<b>Operating loss</b>		<b>(190,027)</b>	<b>(107,144)</b>
Interest receivable and similar income	10	20	58
<b>Loss for the year before taxation</b>		<u><b>(190,007)</b></u>	<u><b>(107,086)</b></u>
Taxation	2.6	-	-
<b>Loss for the year attributable to Partners</b>		<u><b>(190,007)</b></u>	<u><b>(107,086)</b></u>

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

The Partnership had no recognised gains or losses other than the profit for either year, so no statement of other comprehensive income is presented.

The accompanying notes form part of these financial statements.

## Statement of Financial Position As at 31 December 2020

	Note	31 Dec 2020 £ '000	31 Dec 2019 £ '000
<b>Current assets</b>			
Investment in associates	11	246,178	383,361
Investment property	11	121,355	185,410
Trade and other receivables	12	15,223	11,665
Cash at bank		10,831	9,787
		<b>393,587</b>	<b>590,223</b>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	13	9,916	8,863
		<b>9,916</b>	<b>8,863</b>
<b>Net current assets</b>		<b>383,671</b>	<b>581,360</b>
<b>Net assets attributable to the Partners</b>		<b>383,671</b>	<b>581,360</b>
<b>Partners' accounts</b>			
Capital accounts		5	5
Loan accounts		504,961	504,961
Capital reserves		39,883	38,535
Premium reserves		663	663
Current accounts		6,953	10,058
Non-distributable reserves		(168,794)	27,138
		<b>383,671</b>	<b>581,360</b>

The financial statements on pages 13 to 22 were approved and authorised for issue by the General Partner on 22 April 2021

**Maleeha  
Faruqi**

Digitally signed by Maleeha Faruqi  
DN: cn=Maleeha Faruqi, c=GB,  
ou=Lendlease, ou=Funds and Asset  
Management,  
email=Maleeha.Faruqi@lendlease.com  
Date: 2021.04.22 15:10:53 +0100

Maleeha Faruqi  
Director Lendlease Europe GP Limited  
For and on behalf of Lendlease Europe GP Limited  
Registered Number: LP005871

The accompanying notes form part of these financial statements.

# Statement of Cash Flows

## For the year ended 31 December 2020

	Note	31 Dec 2020 £ '000	31 Dec 2019 £ '000
Net cash flows from operating activities	14	<u>6,509</u>	<u>27,931</u>
<b>Cash flows from investing activities</b>			
Interest received		20	58
Investment in associates		(799)	(1,031)
Capital expenditure		(452)	(534)
Net Sales proceeds from investment property		<u>3,321</u>	<u>-</u>
Net cash used in investing activities		<u>2,090</u>	<u>(1,507)</u>
<b>Cash flows from financing activities</b>			
Cash distributions to Partners		<u>(7,555)</u>	<u>(32,218)</u>
Cash flow used in financing activities		<u>(7,555)</u>	<u>(32,218)</u>
Net increase/(decrease) in cash and cash equivalents		1,044	(5,794)
Cash and cash equivalent for the beginning of year		<u>9,787</u>	<u>15,581</u>
		<u>10,831</u>	<u>9,787</u>

The accompanying notes form part of these financial statements.

**Statement of Changes in Net Assets attributable to the Partners  
For the year ended 31 December 2020**

	Capital account	Loan accounts	Capital reserves	Premium reserves	Current account	Non- distributable reserves	Total Partners' accounts
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Net assets attributable to the partners at 1 January 2019	5	504,961	36,965	663	13,220	164,850	720,664
Allocation of loss for the year	-	-	1,570	-	29,056	(137,712)	(107,086)
Distributions to Partner	-	-	-	-	(32,218)	-	(32,218)
Net assets attributable to the partners at 31 December 2019	5	504,961	38,535	663	10,058	27,138	581,360
Allocation of loss for the year	-	-	1,348	-	4,577	(195,932)	(190,007)
Distributions to partners	-	-	-	-	(7,555)	-	(7,555)
Prior Year adjustment to retained earnings	-	-	-	-	(127)	-	(127)
Net assets attributable to the partners at 31 December 2020	5	504,961	39,883	663	6,953	(168,794)	383,671

## Notes to the Financial Statements

### 1 General information

Lendlease Retail LP is a Limited Partnership domiciled in England, registration number LP005871. The registered office is 20 Triton Street, London, NW1 3BF. The primary activity of the Partnership prior to dissolution was investment in UK retail properties.

The Partnership sought to target long term risk-adjusted returns which outperformed industry benchmarks through acquisition, long-term ownership, active asset management and development of high quality prime dominant retail assets.

The functional currency of the Partnership is GBP.

### 2 Accounting policies

#### 2.1 Basis of preparation

The financial statements for the year ended 31 December 2020 have been prepared in accordance with the Partnership Déed under the historical cost convention, as modified by the revaluation of investment properties at fair value.

Under the Partnerships (Accounts) Regulations 2008, the partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Part 15 and Chapter 1 of Part 16 of the Companies Act 2006 as if the partnership was a company formed and registered under the Companies Act.

Under the Companies Act, the partners have the choice whether their financial statements are prepared under that applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) or under international accounting standards in conformity with the requirements of the Companies Act 2006. The partners have decided to apply UK Generally Accepted Accounting Practice, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

#### 2.2 Going concern

On 12 November 2017 the partnership life came to an end and the partnership was dissolved. Accordingly, the directors did not prepare the 31 December 2017 financial statements on a going concern basis. At that date, investment properties have been revalued to fair value and transferred to current assets held at the lower of transfer value or net realisable value. Costs to wind-up the partnership have been fully accrued. These financial statements continue to be prepared on a non-going concern basis.

#### 2.3 Revenue recognition

##### Touchwood

Rental income (excluding VAT) on the Touchwood investment property, exclusive of service charges receivable, is accounted for on a straight-line basis over the lease term. Rent in advance is recorded as deferred income and recognised as income in the period to which it relates.

Lease incentives including rent free periods and payments to tenants are allocated to the Income Statement on a straight-line basis over the lease term, or if in place prior to 1 January 2014, the period up to the first rent review date if shorter. The value of resulting accrued rental income is deducted from the carrying value of the Touchwood property.

Lease incentives including rent concessions given to tenants due to COVID-19 pandemic are recognised fully in the Income Statement in the period to which it relates.

##### Bluewater

Net income consists of the net cash receipts from the investment in an associate, both distributed and undistributed, which relate to the reporting period.

#### 2.4 Interest income

Interest income is recognised in the Income Statement as it accrues, using the effective interest method.

#### 2.5 Expenses

Expenses are recognised in the Income Statement on an accrual basis.

## Notes to the Financial Statements (continued)

Management fees paid to the General Partner are calculated based on one quarter of 0.30% of Average Funds Under Management per quarter year based on Partnership assets held as at the date of the amendment of the Partnership deed, subject to a minimum of £300,000 per quarter year and one quarter of 0.60% of Net Asset Value per quarter year on Partnership Assets acquired after the Amendment Date. For the purposes of calculating this fee, all Partnership liabilities are attributed pro-rata to the value of the assets held as at the date of calculation.

An annual performance fee is payable to the General Partner based upon the performance of the Partnership in relation to industry benchmarks. The calculation of the performance fee is as stipulated in the Partnership Deed.

The fees payable to the General Partner include all fees payable to the Fund Manager and Asset Manager in respect of their services provided under their respective contracts.

In addition, in consideration for acting as Liquidating Trustee, the Operator is entitled to a fee of 0.5% of the net sales proceeds of the Partnerships Assets after deducting consultants' and legal fees but not agents' sales fees.

### 2.6 Taxation

The Partnership is not subject to taxation itself and hence no provision for taxation has been made in the financial statements. Partners are liable to tax on their share of the surplus in the Partnership and are responsible for settling those liabilities independently of the Partnership.

### 2.7 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred meets the recognition criteria.

Subsequent to initial recognition, investment property is stated at its fair value. Gains or losses arising from changes in fair value of an investment property are included in the Income Statement for the period in which they arise, and no depreciation is provided in respect of investment properties applying fair value model.

For the purpose of these financial statements, in order to avoid 'double accounting', the assessed fair value is reduced by the carrying amount of any accrued income resulting from the spreading of lease incentives.

Investment property transactions are considered to have taken place where, by the end of accounting period, there is a legally binding, unconditional and irrevocable contract.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from it. Any gain or loss arising on derecognition of the property is included in the Income Statement in the period in which the property is derecognised.

### 2.8 Investment in associates

The Bluewater investment is treated as an investment in an associate and is recognised at cost and subsequently stated at fair value. Gains or losses in the fair value of this investment are included in the Income Statement for the period.

### 2.9 Trade and other debtors / creditors

An assessment for the provision of doubtful debts is made based on expected irrecoverable amounts. Reasonable and supportable information that is relevant and reliable is considered based on credit assessments and any relevant forward looking information. The amount of provision is recognised in the Income Statement.

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

### 2.10 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.

## Notes to the Financial Statements (continued)

### 2.11 Distributions to Partners

Distributions are paid from the Net Operating Income to the Partners in proportion to their respective capital contributions as soon as it is reasonably practicable following the end of the relevant Quarter Year.

Distributions may be limited if the Operator is of the opinion that a distribution may render the Partnership insolvent, leave the Partnership with insufficient funds to meet future obligations, or result in any Limited Partner, during the continuance of the Partnership, drawing out or receiving back either directly or indirectly, any part of its Capital Contribution.

### 3 Critical accounting estimates and judgements

The preparation of the Partnership's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the reporting date. Actual outcomes may therefore differ from these estimates and assumptions. Revisions to estimates are recognised prospectively.

The fair value of investment property held directly by the Partnership or in associates is determined by independent real estate valuation experts using recognised valuation techniques.

### 4 Risk management policies

The Partnership's activities expose it to a variety of financial risks inherent to investing in investment property. These risks are identified, measured and monitored on an ongoing basis by the Board of the General Partner and actively managed by the Operator and Asset Managers.

#### Real estate risk:

Property investments by nature pose liquidity issues and market conditions highly influence valuations and the depth of markets.

While external valuers are employed to assess the fair value of investment properties, no absolute assurances can be given that the valuations would be reflected in the actual sales prices. In March 2020, the RICS and major valuation houses decided to deploy a Material Valuation Uncertainty clause in all Valuation Reports in accordance with VGPA 10 of the Red Book due to the impact of COVID 19 and associated restrictions. For the LLRP, this clause was in place from March 2020 to August 2020 inclusive.

#### Retail Risk

In recent years the UK retail market has been challenged as consumer habits and retailer distress have destabilised occupier markets. Retailers have experienced margin erosion through increased costs, and pressure on sales through the macro effects of political and economic uncertainty and further increased competition from online retail.

In early 2020, ahead of COVID 19 the physical retail market was beginning to show some signs of stabilising with strong sales and footfall figures in January and February. However, lockdowns and other restrictions throughout 2020 and into 2021 have since compounded the pre-existing challenges to physical retail.

As a result of these challenges, retailers continue to adapt to the new retail environment and many retailers have chosen to reduce their physical space requirements or been forced to through CVA's and administration. Both Bluewater and Touchwood were negatively impacted by CVAs and insolvencies during 2020. In Q4 2020 two significant retailers went into Administration: Arcadia and Debenhams. Whilst the Fund only had direct exposure to Arcadia, there will also be an indirect negative impact from Debenhams due to a considerable amount of space being released back onto the market. Reduced occupier demand has led to rapidly rising vacancy rates. As a consequence, many Landlords are offering increasingly attractive packages to mitigate an element of non-recoverable costs and ERVs have seen significant downwards adjustment.

## Notes to the Financial Statements (continued)

### Credit risk:

Credit risk is the risk that a counterparty will not be able to meet its obligations in respect of a financial instrument, resulting in a financial loss to the Partnership.

Management mitigate this risk with policies and procedures in place to appropriately credit assess new customers and suppliers.

Rental defaults are actively managed by the Asset Managers who monitor tenants in arrears and implement strategies to minimise the impacts of tenant defaults. However, the restrictions imposed due to COVID 19 and the significant impact on the retail environment and occupier financial metrics has limited the extent to which mitigation is possible. The Government also introduced a moratorium on CRAR and evictions in Q2 2020 and this has so far been extended to June 2021 with the possibility of further extension. This has made it harder to recover arrears even from tenants in a strong financial position.

A variety of concessions; monthly billing, rent free, deferred rents, re-gearred leases etc have been agreed during 2020 to support struggling occupiers and encourage some receipts for rent and service charge. Such agreements have resulted in billed rent and service charge being lower than historic and below pre-COVID contracted levels. Despite this, collection rates are still significantly below historic levels.

Non-essential retail has begun to reopen from 12 April with a return to indoor leisure, albeit with controls in place, from 17 May 2021. Many occupiers will continue to be under financial pressure even once trading resumes and therefore collection rates could remain subdued for some time. Given the level of uncertainty pertaining to ongoing restrictions, there is a reluctance from many tenants to commit revised payment plans.

### Liquidity risk:

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due.

The General Partner currently manages this exposure by maintaining sufficient levels of cash to meet financial commitments and working capital requirements. Historically, prior to wind up, it also assessed the appropriateness for the utilisation of potential credit facilities in achieving the investment strategies of the Partnership.

With a view to maintaining positive cash reserves, distributions have been withheld since the onset of COVID 19 and associated restrictions. The last quarterly distribution was paid in January 2020. Since then, distributions have been withheld with a view to retaining cash to be able to meet Fund and Asset level expenses in an environment where asset level receipts for rent and service charge have been considerably reduced throughout 2020 and future income levels are uncertain. Lendlease has been closely monitoring cashflow and asset level costs throughout 2020 and has forecast future levels of reserves on a variety of scenarios. Distributions will not be paid until pressures on cashflow are alleviated. Furthermore, consideration has been given to arranging a potential debt facility to be able to support the Fund if receipts are significantly reduced for a prolonged period.

## Notes to the Financial Statements (continued)

<b>5 Net Income</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>£ '000</b>	<b>£ '000</b>
Rental income	11,466	13,051
Direct property expenses	(6,127)	(2,539)
Touchwood	5,399	10,512
Bluewater income	5,666	21,954
	<u>11,005</u>	<u>32,466</u>
<b>6 Auditor's remuneration</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>KPMG</b>		
Audit Services		
Audit of financial reports	29	27
Other Assurance Services		
Other	-	1
	<u>29</u>	<u>28</u>
<b>7 Gain on disposal of investment property</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>£ '000</b>	<b>£ '000</b>
Sales proceeds	3,334	-
Nets asset value of high street units	(2,219)	-
	<u>1,115</u>	<u>-</u>
<b>8 Development costs</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>£ '000</b>	<b>£ '000</b>
Touchwood extension development costs	3,486	-
Planning Permission and Development Agreement under the terms of Compulsory Purchase Order Indemnity Agreement expired and the sale of High Street units was completed during the year. Therefore, all previously capitalised related costs were written off.		
<b>9 Sales costs</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>£ '000</b>	<b>£ '000</b>
Costs related to aborted sales in prior years	545	-

## Notes to the Financial Statements (continued)

### 10 Interest received

	31 Dec 2020 £ '000	31 Dec 2019 £ '000
Bank interest	20	58

### 11 Investments

	31 Dec 2020 £ '000	31 Dec 2019 £ '000
<b>Investment in Associate</b>		
<b>Bluewater</b>		
<i>Fair value</i>		
As at 01 January	383,361	478,357
Additions during the year	799	1,031
Fair value (loss)/ gain through Income Statement	(137,474)	(96,031)
Accrued sales cost movement	(508)	4
As at 31 December	246,178	383,361
<b>Touchwood</b>		
<i>Fair value</i>		
As at 01 January	185,410	226,557
Additions during the year	452	534
Capitalisation development costs being written off	(3,234)	-
Disposals during the year	(2,219)	-
Fair value (loss)/ gain through Income Statement	(59,025)	(41,681)
Accrued sales cost movement	(29)	-
As at 31 December	121,355	185,410
<b>Total investments</b>	<b>367,533</b>	<b>568,771</b>

Investment property held directly or in associates were revalued as at 31 December 2020 by external valuers CBRE. The valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual.

Bluewater shopping centre was valued by CBRE on 31 December 2020. The asset was independently valued at £249.1m (excluding selling costs).

Touchwood shopping centre was valued by CBRE on 31 December 2020. The asset was independently valued at £131.8m (excluding selling costs).

The Partnership adopted a Net Realisable Value given the Partnership is currently in liquidation. The difference between the Independent Valuation and Net Realisable Value is the estimated disposal costs.

These values have been adjusted for operating lease incentives to reflect the value of lease incentives currently shown under Note 12 Trade and other receivables to avoid double counting the value in the Net Asset Value.

## Notes to the Financial Statements (continued)

### Reconciliation of CBRE valuation to net property value on Statement of Financial Position

	31 Dec 2020 £ '000	31 Dec 2019 £ '000
CBRE valuation - Bluewater	249,075	385,750
CBRE valuation – Touchwood	131,800	197,300
CBRE valuation as at 31 December	380,875	583,050
Less: lease incentives	(8,733)	(10,207)
Less: selling costs	(4,609)	(4,072)
<b>Total net realisable property value after lease incentives at 31 December</b>	<b>367,533</b>	<b>568,771</b>

### 12 Trade and other receivables

	31 Dec 2020 £ '000	31 Dec 2019 £ '000
<b>Current receivables</b>		
Rent receivable (Touchwood)	6,004	961
Rental deposits	466	468
Current lease incentives	8,733	10,207
Prepayments	20	29
	<b>15,223</b>	<b>11,665</b>

Rent receivable is presented net of provision for doubtful debts of £1.5m (2019: £0.4m). Gross rent receivable is £7.5m (2019: £1.3m)

### 13 Creditors – amounts falling due within one year

	31 Dec 2020 £ '000	31 Dec 2019 £ '000
Trade creditors	163	394
Rental deposits	473	469
VAT payable	3,509	1,055
Base Fee due to General Partner	300	610
Accruals & deferred income	5,471	6,335
	<b>9,916</b>	<b>8,863</b>

## Notes to the Financial Statements (continued)

### 14 Reconciliation of net income to net cash inflow from operating activities

	31 Dec 2020	31 Dec 2019
	£ '000	£ '000
Operating loss	(190,027)	(107,144)
Loss on revaluation of investments	196,582	137,712
Gain on disposal of investment	(1,115)	-
Touchwood development costs written off to profit and loss	3,236	-
Sales costs written off to profit and loss	545	-
Sales costs in relation to high street units	(29)	-
Accrued sales costs	(67)	(4)
(Increase) / decrease in debtors	(3,558)	(1,073)
Increase / (decrease) in creditors	1,053	(1,560)
Service charge clear down to prior year	(127)	-
Adjustment to capital reserves	16	-
Net cashflows from operating activities	<u>6,509</u>	<u>27,931</u>

### 15 Commitments

#### Operating leases

The Partnership holds commercial property leases on the Touchwood retail asset. These leases have a remaining term of between 0 and 13 years.

	31 Dec 2020	31 Dec 2019
	£ '000	£ '000
Within one year	7,934	10,625
After one year but not more than five years	18,475	21,831
More than five years	5,689	9,211
Total	<u>32,098</u>	<u>41,667</u>

### 16 Related parties

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

The Founder of the Partnership is Lendlease Europe Retail Investments Limited. Lendlease Solihull Limited is party to the Land Purchase Agreement and the Development Services Agreement. Both entities have Lendlease Corporation Limited as their ultimate parent company. Blueco Limited, the party with whom the Partnership has a lease-back agreement for its 25% interest in Bluewater, was sold by the Lendlease group in June 2014. Blueco Limited maintains day to day control and management of Bluewater shopping centre.

## Notes to the Financial Statements (continued)

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

	31 Dec 2020 £ '000	31 Dec 2019 £ '000
Base Fees	1,202	1,297
D Directors fees & expenses	67	68
Amounts receivable/(payable) by the Partnership at balance date are as follows (all shown net of VAT):		
Base fee	(300)	(610)
D Directors fees & expenses	(17)	(17)

The D Directors fees of £67,306 in 2020 relates to the remuneration and travel related expenses as per the director's employment contract.

As at 31<sup>st</sup> December 2020, the Directors fees and expenses covering the period October 2020 to December 2020 of £17,063 were still outstanding.

### 17 Ultimate parent company and parent company of larger group

The General Partner of Lendlease Retail LP is the legal entity charged with management of Lendlease Retail LP. The registered address for Lendlease Europe GP Limited is 20 Triton Street, Regents Place, London NW1 3BF.

The immediate parent of Lendlease Europe GP Limited is Lendlease Europe Limited. The ultimate parent is Lendlease Corporation Limited.

The registered address of Lendlease Corporation Limited is Level 14, Tower 3, International Towers Sydney Exchange Place, 300 Barangaroo Avenue, Barangaroo, NSW, 2000, Australia.

### 18 Subsequent events

The Touchwood marketing campaign is progressing and as Liquidating Trustee of LLRP it remains our intention to sell the asset.

The sale has generated interest from a number of parties and have held detailed discussions over recent weeks. After reviewing the interest and giving careful consideration to a variety of factors, a preferred party has been selected. An exclusivity period has begun with a view to being able to undertake a due diligence exercise in the 2021 financial year.

Given the challenges and uncertainty in the retail sector and as noted in the Strategic Report, Investment Property valuations have declined further in Q1 2021.