Lend Lease Europe Retail Investments Limited

Directors' report and financial statements

30 June 2013
Registered number 3635554

Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2013

Principal activity and review of the business
The principal activity of Lend Lease Europe Retail Investments Limited is to hold investments

Results and dividends
The loss for the year after taxation amounted to £1,460 193 (2012 profit of £586,426) The directors do not recommend the payment of a dividend (2012 £nil)

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

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

S Grist (resigned 16 January 2013)
G Scott (resigned 1 November 2013)

Subsequent to year end, the following changes in directorships occured

N M Johnson (appointed 30 October 2013)
M Boor (appointed 30 October 2013)

Political and charitable contributions
The company made no political or charitable contributions during the year (2012 £nil)

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

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

By order of the board

M Boor
Director
20 Triton Street
Regents Place London
NW1 3BF
25 November 2013

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

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

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

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Lend Lease Europe Retail Investments Limited

We have audited the financial statements of Lend Lease Europe Retail Investments Limited for the year ended 30 June 2013 set out on pages 4 to 11 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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

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

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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its ~~profit~~ Loss for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

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

William Meredith
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square London E14 5GL
25 November 2013

Statement of comprehensive income
for the year ended 30 June 2013

	Note	2013	2012
		£	£
Revenue		1,204,490	1,254,897
Profit on sale of investment	7	-	120,123
Administrative expenses		(28,383)	(92,881)
Operating profit/(loss)		1,176,107	1,282,139
Financial income	4	54,451	321,836
Financial expense	5	(662,112)	(602,980)
Profit/(loss) on ordinary activities before taxation		568,446	1,000 996
Taxation	6	(2,028,639)	(414,570)
Profit/(loss) on ordinary activities after taxation		(1,460,193)	586,426
Total comprehensive income for the year		(1,460,193)	586,426

All activities are continuing

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

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

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

Balance Sheet
as at 30 June 2013

	Note	2013 £	2012 £
Non current assets			
Investments	7	21,082,398	20,997,869
Deferred tax asset	8	1,534,457	3,481,573
		22,616,855	24,479,442
Current assets			
Trade and other receivables	9	-	77,901
Cash		2,639,450	1,147,295
		2,639,450	1,225,196
Total assets		25 256,305	25,704,638
Non current liabilities			
Deferred tax liabilities	8	(1,226,594)	(1 294 584)
Current liabilities			
Trade and other payables	10	(29,971,746)	(28,891,896)
Total liabilities		(31,198,340)	(30,186,480)
Net liabilities		(5,942,035)	(4,481,842)
Capital and reserves			
Called up share capital	11	50,000,001	50,000,001
Retained earnings		(55,942,036)	(54,481,843)
Total equity		(5,942,035)	(4,481,842)

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

These statements were approved by the board of directors on 25/11/ 2013 and were signed on its behalf by

M Boor
Director

Statement of changes in shareholders' equity
for the year ended 30 June 2013

	Attributable to shareholders		
	Share capital £	Retained earnings £	Total equity £
Balance at 1 July 2011	50,000,001	(55 068,269)	(5,068,268)
Retained profit for the year	-	586,426	586,426
Balance at 30 June 2012	**50,000,001**	**(54,481,843)**	**(4,481,842)**
Balance at 1 July 2012	50,000,001	(54,481,843)	(4,481,842)
Retained profit for the year	-	(1,460,193)	(1,460 193)
Balance at 30 June 2013	**50,000,001**	**(55,942,036)**	**(5,942,035)**

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

Cashflow statement
for the year ended 30 June 2013

	2013	2012
	£	£
Cash flows from operating activities		
Profit/(loss) for the year	(1,460,193)	586,426
Adjustments for		
Taxation	2,028,639	414,570
Finance income	(54,451)	(321,836)
Finance expense	662,112	602,980
Operating profit before changes in working capital	1,176,107	1,282,139
Increase trade and other receivables	1,940,488	360,556
Decrease in trade and other payables	1,011,860	200,313
Tax paid	(2,028,639)	(414,570)
Net cash from operating activities	2,099,816	1,428,439
Cash flow from financing activities		
Interest paid	(662,112)	(602,980)
Net cash from financing activities	(662,112)	(602,980)
Cash flow from investing activities		
Interest received	54,451	321,836
Net cash from investing activities	54,451	321,836
Increase in cash and cash equivalents	1,492,155	1,147,295
Cash and cash equivalents at 1 July	1,147,295	-
Cash and cash equivalents at 30 June	2 639,450	1,147,295

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

Notes to the financial statements

1 Accounting policies

Lend Lease Europe Retail Investments Limited (the "Company") is a company incorporated in the UK

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and its interpretations as adopted by the International Accounting Standards Board (IASB)

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Lend Lease Europe Holdings Limited the company's UK holding undertaking Lend Lease Europe Holdings Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the company and in particular will not seek repayment of the amounts currently made available This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate

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

Revenue

Revenue is stated net of value added tax and is derived from distributions and performance fees from the Lend Lease Retail Partnership and the Lend Lease Overgate Partnership

Investments

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

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the liability

Net Gains or Losses on Sale of Investments

Net gains or losses on sale of investments are recognised when an unconditional contract is in place

Trade and other receivables

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

Taxation

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

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

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

Net financing costs

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

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

Key estimates and judgements

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

New standards and interpretations not yet adopted

A number of new standards amendments to standards and interpretations have been issued that are effective or not yet effective for the year ended 30 June 2013 but have not been applied in preparing these financial statements None of these have a material effect on the financial statements of the Company

2 Directors remuneration and employees

The directors did not receive any emoluments in respect of their services to the company (2012 £nil) The company did not employ any staff during the year (2012 nil)

3 Auditor's remuneration

Auditor's remuneration in respect of audit and other fees were paid by Lend Lease Europe Limited the immediate parent undertaking The directors estimate the fee attributable to the company is £5 421 (2012 £10 370)

4 Financial income

	2013	2012
	£	£
Interest income on amounts due from Warrington Retail Limited Partnership	41 425	318 575
Other Bank interest	13,026	3,261
	54,451	321,836

5 Financial expense

	2013	2012
	£	£
Interest expense on amounts owed to Lend Lease Europe Limited	662,112	602,980

Notes to the financial statements *(continued)*

6 Taxation

(a) Analysis of charge in period

	2013	2012
	£	£
Current tax		
United Kingdom corporation tax	149,513	(167,969)
Total current tax	149 513	(167 969)
Deferred tax		
Partnership interest		392,592
Adjustments in respect of previous periods	1 846 306	
Effect of future change in UK tax rate (23%)	32,820	189,947
Tax on charge on ordinary activities	2,028,639	414 570

(b) Factors affecting the current charge for the year
The tax assessed differs from the application of the standard rate of corporation tax in the UK 2013 23 75% (2012 25 5%) to the company's accounting profit before taxation for the following reasons

	2013	2012
	£	£
Profit/(loss) on ordinary activities before tax	568,446	1,000,996
Tax using the UK corporation tax rate of 23 75% (2012 25 5%)	135 006	255 254
Effects of		
Tax-exempt revenues		(30 631)
Adjustments in respect of previous periods	1,860 813	
Permanent difference on change in tax rate	32,820	189,947
Total tax in income statement	2,028,639	414,570

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015 A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013

(c) Factors that may affect future tax charges
The effective rate of taxation will vary as a result of any dividends paid by subsidiaries overseas tax rates and the utilisation of tax losses brought forward

7 Investments

Non-current investments	**2013**	**2012**
At cost	£	£
Investment in Lend Lease Communities Limited	1	1
Investment in Overgate GP Limited		
Investment in Lend Lease Europe GP Limited	2	2
Participations in the Lend Lease Retail Partnership	209	209
Participation premium in the Lend Lease Retail Partnership	213 703	213 703
Loan and investment in the Lend Lease Retail Partnership	20,868,483	20,783,954
At end of year	21,082,398	20,997,869
Total net book value of non-current investments	21 082 398	20 997 869
Total net book value of investments	21 082 398	20 997 869

At 30 June 2013 the company held £209 for 4 11% (2012 4 11%) interest in the Lend Lease Retail Partnership As part of the December 2009 Lend Lease Retail Partnership performance fee the company was allotted an additional 9 participations and allocated a participation premium of £213 703

At 30 June 2013 the company held £2 (2012 £2) of 'D shares in Lend Lease Europe GP Limited the general partner of the Lend Lease Retail Partnership

Notes to the financial statements *(continued)*

8 Deferred taxation

Recognised deferred tax assets / (liabilities)

Deferred tax assets / (liabilities) are attributable to the following

	Assets		Liabilities		Net	
	2013	2012	2013	2012	2013	2012
	£	£	£	£	£	£
Property, plant and equipment			(1 222 254)	(1 275,396)	(1 222 254)	(1,275,396)
Partnership profits			(4,340)	(19 188)	(4,340)	(19 188)
Tax value of loss carry forwards utilised	1 534 457	3 481 573	-	-	1,534,457	3 481,573
Net tax assets / (liabilities)	1,534 457	3,481 573	(1,226,594)	(1,294,584)	307,863	2,186,989

The net deferred tax asset of £307 863 is deemed to be recoverable based on forecasted future income

Movement in deferred tax during the year

	1 July 2012	Recognised in profit and loss	Rate change	30 June 2013
	£	£	£	£
Property plant and equipment	(1 275,396)		53 141	(1 222,255)
Partnership profits	(19 188)	14 507	341	(4 340)
Tax value of loss carry forwards utilised	3,481,573	(1,860,813)	(86,303)	1,534,457
	2,186,989	(1,846,306)	(32,820)	307,863

Movement in deferred tax during the prior year

	1 July 2011	Recognised in profit and loss	Rate change	30 June 2012
	£	£	£	£
Property plant and equipment	(1,381 679)		106 283	(1 275 396)
Partnership profits	379 503	(392 592)	(6 099)	(19 188)
Tax value of loss carry forwards utilised	3,771,704		(290,131)	3,481,573
	2,769,528	(392,592)	(189,946)	2,186,989

9 Trade and other receivables

	2013	2012
Prepayments and accrued income		77 901

All receivables fall due within one year (2012 nil)

10 Trade & other payables

	2013	2012
	£	£
Amounts owed to Lend Lease Europe Limited	29 971 536	28 843 881
Accruals and deferred income	211	48,015
	29,971,746	28,891,896

11 Called up share capital

	2013	2012
Authorised	£	£
Ordinary shares of £1 each	50 000,001	50 000 001

	2013	2012
Allotted, called up and fully paid	£	£
Ordinary shares of £1 each	50 000 001	50 000 001

12 Subsequent events

There have been no significant post balance sheet events

13 Related Party Disclosures

At the year end the Company owed £30 092,101 (2012 £28,289 035) to Lend Lease Europe Limited its immediate parent company During the year the company recognised interest expense of £662,112 (2012 £602 980) on this balance The interest was charged at LIBOR plus 1 5% The company was also charged a management fee of £2 516 (2012 £18 751) by Lend Lease Europe Limited for management services provided during the year

14 Commitments

	2013	2012
Future loan advances	£	£
Lend Lease Retail Partnership		126 808

One of the conditions of acquiring the equity in the Lend Lease Retail Partnership is the provision of a loan facility of £20 900 000 (2012 £20,900 000) As at 30 June 2013 £20 868 483 had been drawn down (2012 £20 783,954) The partnership agreement for the Retail Partnership was extended on 14 November 2010 the amended clauses of this agreement cancelled all outstanding loan commitments for all partners once Bluewater Events Venue (now called Glow Bluewater) had been paid This completed in November 2011, hence the final drawdown has been made and no further payments are due

When the initial investment of £24 975 was made in the Warrington Retail Unit Trust, a commitment of £38 350,121 for future units in the Warrington Retail Unit Trust was made as part of the equity investment. During 2010 this was increased to £47,335 861 As at 30 June 2011 and 2010 units to the sum of £47,335 861 had been issued, therefore no further units are still committed to being paid in the future

Notes to the financial statements *(continued)*

15 Financial Risk Management

Introduction and overview
The company has exposure to the following risks
- Credit risk
- Operational risks
- Interest rate risks

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

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

a) Credit risk

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

b) Operational risk

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

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

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

Sensitivity Analysis
At 30 June 2013 it is estimated that an increase of one percentage point in interest rates would have decreased the Company's profit before tax by approximately £274 728 (2012 decreased profit by £274 380)

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

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

The company is a subsidiary undertaking of Lend Lease Europe Limited which is registered in England and Wales Its ultimate parent undertaking is Lend Lease Corporation Limited which is incorporated in Australia The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited The consolidated financial statements of that group may be obtained from the group s website at www lendlease com au

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