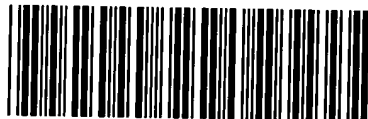


Lend Lease Europe Retail Investments Limited

Directors' report and Financial statements

For the year ended 30 June 2015
Registered number 3635554

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Directors' report and financial statements

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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2015.

Principal activity and review of the business

Lend Lease Europe Retail Investments Limited was incorporated on 21 September 1998

The principal activity of Lend Lease Europe Retail Investments Limited (the Company) is to hold investments.

The Company is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is 20 Triton Street, Regent's Place, London, NW1 3BF.

During the year the company continued to earn income from its investment in the Lend Lease Retail Partnership.

Results and dividends

The profit for the year after taxation amounted to £186,038 (2014: profit of £3,446,244). The directors do not recommend the payment of a dividend (2014: £nil).

Directors

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

G J Scott (appointed 7 December 2015)

M S Khan (appointed 22 February 2016)

R Boswell (appointed 1 July 2014, resigned 11 February 2016)

N M Johnson (resigned 12 November 2015)

M Boor (resigned 9 July 2014)

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.

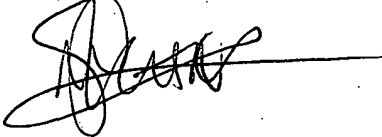
Auditor

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.

Political and charitable contributions

The company made no political or charitable contributions during the year (2014: £nil).

By order of the board



M S Khan
Director
20 Triton Street
Regents Place, London
NW1 3BF
14 April 2016

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 2015 set out on pages 4 to 10. 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

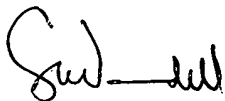
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stephen Wardell
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
19 April 2016

Statement of comprehensive income
 for the year ended 30 June 2015

	Note	2015 £	2014 £
Revenue		1,176,945	2,445,063
Administrative expenses		(68,318)	(398,774)
Reversal of provision	7	-	1,800,000
Operating profit		1,108,627	3,846,289
Finance income	4	30,406	190,107
Finance expense	5	(870,723)	(849,577)
Profit on ordinary activities before taxation		268,310	3,186,819
Tax (charge)/credit on profit on ordinary activities	6	(82,272)	259,425
Profit on ordinary activities after taxation		186,038	3,446,244
Profit for the year and total comprehensive income		186,038	3,446,244

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.

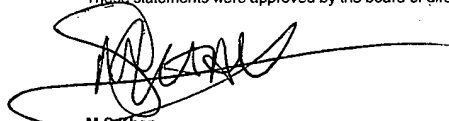
The notes to and forming part of these financial statements are set out on pages 8 to 10.

Statement of financial position
as at 30 June 2015

	Note	2015 £	2014 £
Current assets			
Cash and cash equivalents		557,132	3,166,600
Trade and other receivables	7	<u>5,622,978</u>	<u>1,800,000</u>
		<u>6,180,110</u>	<u>4,966,600</u>
Non current assets			
Investments	8	22,562,565	22,562,565
Deferred tax asset	9	<u>335,503</u>	<u>729,809</u>
		<u>22,898,068</u>	<u>23,292,374</u>
Total assets		<u>29,078,178</u>	<u>28,258,974</u>
Current liabilities			
Trade and other payables	10	(31,387,931)	(30,754,765)
Total liabilities		<u>(31,387,931)</u>	<u>(30,754,765)</u>
Net liabilities		<u>(2,309,753)</u>	<u>(2,495,791)</u>
Equity			
Share capital	11	50,000,001	50,000,001
Retained earnings		<u>(52,309,754)</u>	<u>(52,495,792)</u>
Total equity		<u>(2,309,753)</u>	<u>(2,495,791)</u>

The notes to and forming part of these financial statements are set out on pages 8 to 10.

These statements were approved by the board of directors on 14 April 2016 and were signed on its behalf by:



M-S Khan
Director
20 Triton Street
Regent's Place, London
NW1 3BF
14 April 2016

Registered number 3635554

Statement of changes in shareholders' equity
 for the year ended 30 June 2015

	Attributable to shareholders		
	Share capital £	Retained earnings £	Total equity £
Balance at 1 July 2013	50,000,001	(55,942,036)	(5,942,035)
Profit for the year	-	3,446,244	3,446,244
Balance at 30 June 2014	50,000,001	(52,495,792)	(2,495,791)
Balance at 1 July 2014	50,000,001	(52,495,792)	(2,495,791)
Profit for the year	-	186,038	186,038
Balance at 30 June 2015	50,000,001	(52,309,754)	(2,309,753)

The notes to and forming part of these financial statements are set out on pages 8 to 10.

Statement of cash flows
 for the year ended 30 June 2015

	2015 £	2014 £
Cash flows from operating activities		
Profit for the year	186,038	3,446,244
Adjustments for:		
Non-cash element increase in investment holdings	-	(1,480,167)
Taxation	82,272	(259,425)
Finance income	(30,406)	(190,107)
Finance expense	870,723	849,577
Operating profit before changes in working capital	1,108,627	2,366,122
(Increase) in trade and other receivables	(3,822,978)	(995,352)
Increase / (decrease) in trade and other payables	945,200	(184,150)
Net cash from operating activities	(1,769,151)	1,186,620
Cash flow from financing activities		
Interest paid	(870,723)	(849,577)
Net cash from financing activities	(870,723)	(849,577)
Cash flow from investing activities		
Interest received	30,406	190,107
Net cash from investing activities	30,406	190,107
(Decrease) / increase in cash and cash equivalents	(2,609,468)	527,150
Cash and cash equivalents at 1 July	3,166,600	2,639,450
Cash and cash equivalents at 30 June	557,132	3,166,600

The notes to and forming part of these financial statements are set out on pages 8 to 10.

Notes to the financial statements

1 Accounting policies

Basis of Preparation

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

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 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.

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 statement of financial position 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 statement of comprehensive income 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 date of the statement of financial position.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the date of the statement of financial position. 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 statement of financial position 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.

Finance income and expense

Finance income and expense comprise interest payable, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the statement of comprehensive income.

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 management evaluating and choosing the policy that gives the most true and fair view.

New standards and interpretations not yet adopted

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

- IFRS 9 Financial Instruments (on or after 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (on or after 1 January 2017).
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (on or after 1 January 2016).

2 Directors' remuneration and employees

The directors did not receive any remuneration in respect of their services to the company (2014: £nil). The company did not employ any staff during the year (2014: nil).

3 Auditor's remuneration

Auditor's remuneration in respect of audit and other fees were paid by Lend Lease Europe Limited, the immediate parent undertaking. The directors estimate the fee attributable to the company is £8,700 (2014: £8,665).

4 Finance income

	2015	2014
	£	£
Interest income on amounts due from Warrington Retail Limited Partnership	-	170,000
Other Bank Interest	30,406	20,107
	<u>30,406</u>	<u>190,107</u>

5 Finance expense

	2015	2014
	£	£
Interest expense on amounts owed to Lend Lease Europe Limited	870,723	849,577

Notes to the financial statements (continued)

6 Taxation

(a) Recognised in the Statement of comprehensive income

	2015 £	2014 £
Current tax:		
Current year	-	312,034
Adjustments in respect of previous periods	(312,034)	(149,513)
Total current tax	(312,034)	162,521
Deferred tax:		
Origination and reversal of timing differences	62,378	-
Adjustments in respect of previous periods	312,034	(491,452)
Effect of future change in UK tax rate	19,894	69,506
Total deferred tax	394,306	(421,946)
Tax charge/(credit) on ordinary activities	82,272	(259,425)

(b) Factors affecting the current charge/(credit) for the year

The tax assessed differs from the application of the standard rate of corporation tax in the UK 2015: 20.75% (2014: 22.5%) to the company's accounting profit before taxation for the following reasons:

	2015 £	2014 £
Profit before tax	268,310	3,186,819
Tax using the UK corporation tax rate of 20.75% (2014: 22.5%)	55,674	717,034
Non-deductible expenses	-	(405,000)
Income not taxable	9,043	-
Adjustments in respect of previous periods	-	(640,965)
Permanent difference on change in tax rate	17,555	69,506
Total tax in statement of comprehensive income	82,272	(259,425)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. Accordingly, the company's profits for the accounting period are taxed at an effective rate of 20.75% (2014: 22.5%).

7 Trade and other receivables

	2015 £	2014 £
Trade receivables from related parties	5,500,000	-
Other receivables	2,413	-
Accrued income	-	1,800,000
Group relief receivable	120,565	-
	5,622,978	1,800,000

8 Investments

	2015 £	2014 £
Non-current investments		
At cost		
Investment in Lend Lease Communities Limited	1	1
Investment in Overgate GP Limited	-	-
Investment in Lend Lease Europe GP Limited	2	2
Participation in the Lend Lease Retail Partnership	219	219
Participation premium in the Lend Lease Retail Partnership	663,239	663,239
Loan and Investment in the Lend Lease Retail Partnership	21,899,104	21,899,104
At end of year	22,562,565	22,562,565
Total net book value of non-current investments	22,562,565	22,562,565
Total net book value of investments	22,562,565	22,562,565

At 30 June 2015 the company held £219 for 4.31% (2014: 4.31%) interest in the Lend Lease Retail Partnership.

At 30 June 2015 the company held £2 (2014: £2) of 'D' shares in Lend Lease Europe GP Limited, the general partner of the Lend Lease Retail Partnership.

9 Deferred tax assets

Recognised deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

	2015 £	2014 £
Tax losses	335,503	729,809
Net tax assets	335,503	729,809

Movement in deferred tax during the year

	2015 £	2014 £
Balance at 1 July	729,809	307,863
Utilisation of tax losses	(62,378)	-
Prior year adjustment	(312,034)	491,452
Change in UK tax rate	(19,894)	(69,506)
Balance at 30 June	335,503	729,809

Notes to the financial statements (continued)

10 Trade and other payables

	2015	2014
	£	£
Amounts owed to Group Undertakings	31,273,218	30,335,820
Accruals and deferred income	114,713	227,476
Group relief payable	-	191,469
	<u>31,387,931</u>	<u>30,754,765</u>

11 Share capital

	2015	2014
	£	£
<i>Allotted, called up and fully paid</i>		
50,000,001 ordinary shares of £1 each	50,000,001	50,000,001

12 Related Party Disclosures

Amounts receivable/(payable) by Lend Lease Real Estate Investments Limited at balance date are as follows (all shown net of VAT)

	2015	2014
	£	£
Lend Lease Europe Limited	(31,337,012)	(30,527,289)
Lend Lease Europe Holdings Limited	5,500,000	-
Lend Lease Construction (EMEA) Limited	(17,799)	-
Lend Lease Real Estate Investment Services Limited	68,357	-
Lend Lease Real Estate Investments Limited	13,236	-
	<u>(25,773,218)</u>	<u>(30,527,289)</u>

At the year end the Company owed £31,337,012 (2014: £30,527,289) to Lend Lease Europe Limited, its immediate parent company. During the year the company recognised interest expense of £870,723 (2014: £849,577) on this balance. The interest was charged at LIBOR plus 2.45%. The company was not charged a management fee (2014: £204,167) by Lend Lease Europe Limited for management services provided during the year.

During the year, the Company received distributions of £1,176,945 (2014: £1,001,953) from the Lend Lease Retail Partnership.

13 Financial Risk Management

Introduction and overview

The company has exposure to the following risks:

- Credit risk
- Operational risks
- Interest rate risks

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

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

a) Credit risk

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

b) Operational risk

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

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

c) Interest Rate Risk

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

Sensitivity Analysis

At 30 June 2015, it is estimated that an increase of one percentage point in interest rates would have decreased the Company's profit before tax by approximately £294,343 (2014: decreased profit by £289,627).

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

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

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

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.