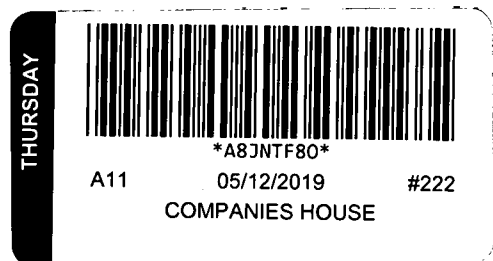


Company registration number: 03635554

Lendlease Europe Retail Investments Limited

Annual Report and Financial Statements

for the year ended 30 June 2019



Lendlease Europe Retail Investments Limited

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Lendlease Europe Retail Investments Limited

Strategic Report for the year ended 30 June 2019

The directors of Lendlease Europe Retail Investments Limited present their report for the financial year ended 30 June 2019.

Principal activity

The principal activity of 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 generated a profit before tax of £0.7m (2018: £0.5m)

The Company finished the year with a net asset position of £11.2m (2018: £10.6m)

Principal risks and uncertainties

The Lendlease risk management approach recognises the nature and level of risk that the Company is willing to accept to achieve its strategic goals and key performance targets. Our approach to risk management is focused on:

- Aligning Board and management to drive informed and consistent decision making;
- Achieving effective and efficient allocation of capital and resources;
- Providing an understanding of risk limits;
- Providing context for the identification, reporting and management of risks; and
- Creating a culture of risk awareness and accountability.

Risk awareness, governance and improvement underpin the Lendlease approach, which has evolved with the business and external market.

Accountability and responsibility for risk governance and management is held at various levels across the Lendlease business including the Board and Board Committees, Group Leadership, Regional Leadership, Business Operations and Specialist Functions such as Corporate Risk and Insurance, Operational Assurance and Performance, and Internal Audit.

Although many of the risk factors influencing the business are macroeconomic, others are particular to our operations. The section following highlights some of the risks and uncertainties that affect the Lendlease Group as whole, although it is not intended to be an extensive analysis of all such risks that exist.

Lendlease Europe Retail Investments Limited

Strategic Report for the year ended 30 June 2019 (continued)

	Description	Mitigation
Health, Safety and Wellbeing	Failure to provide an environment which promotes health, safety and wellbeing impacting our ability to achieve our corporate and social responsibilities.	We are committed to the health, safety and wellbeing of our people. Through our Global Minimum Requirements (GMRs), which include both physical safety and health and wellbeing, we empower our people to operate in a consistent standard across all our operations.
Disruption	Responsiveness to disruption, including digital disruption as well as other new methods and materials emerging in the investment, development and construction sectors.	With the increasing dependence on technology, our strategic intent aims to turn disruption into an opportunity by creating a culture that fosters innovation and focuses on adopting leading edge technologies, to deliver innovative solutions, and generate a competitive point of difference.
Commercial	Commercial performance fails to meet our corporate objectives.	Our capital deployment guidelines mitigate risk and improve performance. Quarterly business reviews assess business operations against approved strategy to drive consistent, focused and risk assessed investment decisions.
Execution	Failure to execute strategy or projects affects our ability to meet our corporate objectives.	Our risk management approach and use of stage gates across our property and construction operations contributes to the mitigation of execution risk. To inform our investment decisions, we use global internal research to develop a house view of property cycles in every region.
Geopolitical	Global and local events or shifts in government policy occurs in the region in which we operate, adversely impacting our ability to achieve strategic objectives. Failure to adequately understand government's mandate, expectations and performance standards.	We are committed to growing our business in sectors that are supported by positive global trends. We are sensitive to geopolitical shifts and concentration risk and coordinate our approach to government to mitigate against sovereign risk.
Regulatory and Counterparty	Non compliance with regulatory and policy requirements by Lendlease or our clients/suppliers. Client, investor, or supply chain ethics fail to meet Lendlease standards. Failure to adequately select, govern, and drive value from counterparties. Failure to comply with government regulations impacts our ability to access government opportunities.	To further improve our culture of compliance, we focus on aligning business priorities with the necessary compliance and assurance measures. We are focused on maintaining an ethical supply chain to ameliorate the risk of material substitution and modern slavery. We have an appetite for relationships with parties who are aligned with our values.

Lendlease Europe Retail Investments Limited

Strategic Report for the year ended 30 June 2019 (continued)

	Description	Mitigation
Corporate Culture	Failure to create and maintain culture which supports Lendlease's core behaviours, principles and values to drive disciplined strategy execution.	Our values drive our approach to business and delivery of long term value. We empower our people to make business decisions that are aligned to our core values and behaviours, principles, and pillars of value. To provide a 'voice of risk', we have separate reporting routes outside those who can influence risk issues through optimism bias.
Cyber/Data Governance/Asset Protection	Failure of cyber resilience and defence systems. Leakage, misappropriation or unauthorised storage of data. Unauthorised control of systems and physical asset infrastructure (i.e. lifts, security, air conditioning).	Physical and data security continue to be key focus areas globally. We invest in preventative technology and education of employees to achieve a sustainable security culture.
Customer	Loss of existing client (including government) relationships, or inability to tailor services to future clients' needs, impacting Lendlease's financial objectives.	Bid leadership training of key employees reinforces understanding of customers' requirements. Recurrent client survey feedback informs our business strategy. A single platform assists in customer data security and aligns customer service across all regions.
Non Scalable Growth	People: inability to attract, retain, and upskill key talent necessary to deliver. Process: lack of scalable processes to support predictable growth.	To deliver the desired level of performance, we continue to invest in growing our core capabilities through active talent management and targeted professional employee development to attract, retain and grow the best people. Our processes are designed to be consistent, scalable and effective.
Corporate and Environmental Sustainability	Failure to comply with regulatory, societal and investor expectations of corporate and environmental sustainability such as climate change and social responsibility.	We are committed to creating the best places and optimising our corporate and environmental sustainability performance (including climate change and social responsibility) through our Sustainability Framework and integrating sustainability considerations into our business strategies.
Business Continuity	Failure to properly plan for and/or appropriately respond to events which may disrupt Lendlease's business.	To achieve organisational resilience, we are committed to operating in a way that supports our business being able to respond to threats and disasters without affecting our core business operations. We continue to invest in learning and development of our people to better prepare them in the event of disruption through training programs and various threat scenario simulations to stress test the plan.

Lendlease Europe Retail Investments Limited

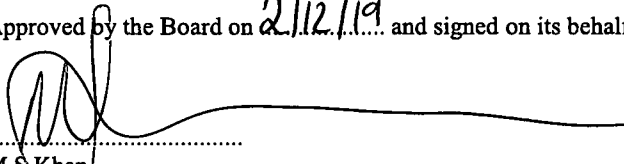
Strategic Report for the year ended 30 June 2019 (continued)

Lendlease continues to monitor potential risks and uncertainties posed from the UK's exit from the EU. In particular, consideration has been given to specific risks relating to the workforce, investors, customers, the security of our supply chain and where possible, mitigating actions are being implemented. We are of the view that the UK, and in particular London, is one of the most resilient economies in the world. While the continuing political uncertainty surrounding Brexit is unsettling, Lendlease believes in the long-term viability of the UK as a place to invest.

Outlook

There has been no indication of likely future developments in the business, nor any event or circumstance since the end of the financial year to the date of this report that would significantly affect the Company.

Approved by the Board on 2/12/19 and signed on its behalf by:


.....
M S Khan
Director

Lendlease Europe Retail Investments Limited

Directors' Report for the Year Ended 30 June 2019

The directors of Lendlease Europe Retail Investments Limited present their report for the financial year ended 30 June 2019.

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 S Khan

G Scott (resigned 14 March 2019)

The following director was appointed after the year end:

J M Walker (appointed 20 November 2019)

Results

The Company's profit after tax for the year was £0.6m (2018: loss of (£0.1m))

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Political donations

The Company made no political donations or incurred any political expenditure during the year (2018: £nil).

Employment of disabled persons

It is the Group's policy to give full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities. The Group also uses its best endeavours to provide continuing employment for employees who are disabled whilst the Group employs them and where appropriate, provides facilities for training and retraining and opportunities for career development and promotion.

Employee involvement

The Company has employment policies designed to suit the needs of individuals and comply with certain key principles, to encourage involvement within the Group. Employees are regularly advised of the Group and individual Company's achievements. Furthermore, employees benefit from a bonus scheme that enables them to identify more closely with Lendlease Group's performance and to share common objectives with shareholders.

Financial risk management

Information about the Company's financial risks, the Company's objectives, policies and processes for measuring and managing financial risk are detailed in note to the financial statements.

Research and development

Innovation is part of the Lendlease Group's heritage and is embedded in the approach to business.

Lendlease Europe Retail Investments Limited

Directors' Report for the Year Ended 30 June 2019 (continued)

Outlook

An indication of likely future developments in the business has been included in the Strategic Report on page 4.

Events after the balance sheet date

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

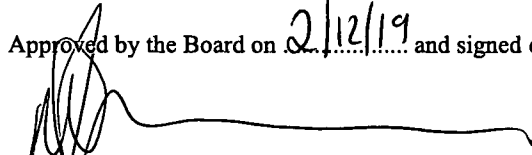
Disclosure of information to the auditor

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 2/12/19 and signed on its behalf by:



M S Khan
Director

Lendlease Europe Retail Investments Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union (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 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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- 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 its 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 Auditors' Report to the Members of Lendlease Europe Retail Investments Limited

Opinion

We have audited the financial statements of Lendlease Europe Retail Investments Limited (the "Company") for the year ended 30 June 2019, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

**Independent Auditors' Report to the Members of Lendlease Europe Retail Investments
Limited (continued)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Independent Auditors' Report to the Members of Lendlease Europe Retail Investments Limited (continued)

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports 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.

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 the Statement of Directors' Responsibilities set out on page 7, 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 the directors 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.

Auditors' 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 auditors' 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.

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

**Independent Auditors' Report to the Members of Lendlease Europe Retail Investments
Limited (continued)**

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: 3 December 2019

Lendlease Europe Retail Investments Limited

**Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019**

	Note	2019 £	2018 £
Revenue		-	-
Administrative expenses		634,434	355,577
Results from operating activities		634,434	355,577
Finance income	4	106,382	97,796
Net finance income		106,382	97,796
Profit before tax		740,816	453,373
Income tax expense	6	(144,274)	(570,993)
Profit/(loss) after tax		596,542	(117,620)
Total comprehensive income/(loss) after tax		596,542	(117,620)

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 15 to 26.

Lendlease Europe Retail Investments Limited

Statement of Financial Position as at 30 June 2019

	Note	30 June 2019 £	30 June 2018 £
Non current assets			
Investments	7	3	3
Deferred tax assets	6	386,508	397,567
Total non current assets		386,511	397,570
Current assets			
Trade and other receivables	8	11,397,795	10,656,469
Total current assets		11,397,795	10,656,469
Total assets		11,784,306	11,054,039
Current liabilities			
Trade and other payables	11	(16,534)	(40,535)
Current tax payable	6	(140,755)	(7,540)
Bank overdraft	9	(473,951)	(449,440)
Total current liabilities		(631,240)	(497,515)
Net assets		11,153,066	10,556,524
Equity			
Issued capital	10	50,000,001	50,000,001
Retained earnings		(38,846,935)	(39,443,477)
Total equity		11,153,066	10,556,524

The notes to and forming part of these financial statements are set out on pages 15 to 26.

These statements were approved by the Board on 21/12/19 and were signed on its behalf by:

.....
M S Khan

Director

Company Registration Number: 03635554

Lendlease Europe Retail Investments Limited

Statement of Changes in Equity for the year ended 30 June 2019

	Share capital £	Retained earnings £	Total £
At 1 July 2017	50,000,001	(39,325,857)	10,674,144
Total comprehensive income			
Loss for the year	-	(117,620)	(117,620)
Total comprehensive income	-	(117,620)	(117,620)
At 30 June 2018	50,000,001	(39,443,477)	10,556,524

	Share capital £	Retained earnings £	Total £
At 1 July 2018	50,000,001	(39,443,477)	10,556,524
Total comprehensive income			
Profit for the year	-	596,542	596,542
Total comprehensive income	-	596,542	596,542
At 30 June 2019	50,000,001	(38,846,935)	11,153,066

The notes to and forming part of these financial statements are set out on pages 15 to 26.

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019

1 General information

Lendlease Europe Retail Investments Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 03635554.

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 as adopted by the EU ("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 transition to FRS 101 from Adopted IFRS, the Company has made no measurement and recognition adjustments.

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.

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

2 Basis of preparation (continued)

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

These financial statements are the separate financial statements of Lendlease Europe Retail Investments 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 Europe Holdings Limited. Refer to note 12.

Significant accounting policies

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

Changes in accounting policy

New standards, interpretations and amendments effective

The following standards have been applied for the first time from 1 July 2018:

IFRS 15 Revenue from Contracts with Customers

From 1 July 2018 the Company adopted IFRS 15 Revenue from Contracts with Customers and consequential amendments. IFRS 15 provides a new model for recognising revenue earned from a contract with a customer. IFRS 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer.

The Company utilised the cumulative approach to transition to IFRS 15, therefore comparatives have not been restated. Comparatives continue to be accounted for in accordance with the Company's previous accounting policies outlined in the 30 June 2018 financial statements.

The Company has assessed that all contracts where goods and services have been transferred in accordance with IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations at 1 July 2018 are considered completed contracts, and therefore have not been retrospectively adjusted. There has been no material financial impact as a result of adopting IFRS 15 and therefore no adjustments to opening retained earnings. New disclosures have been included where required. Changes to disclosures include reclassification of prior period balances to align the presentation of comparative information to the new disclosure requirements.

See below for details on impact on adoption of the new standard:

Revenue	Recognition in previous reporting periods	Recognition under IFRS 15
Investment services	Revenue was recognised as services were rendered.	Revenue continues to be recognised as services are rendered.

Going concern

The financial statements have been prepared on a going concern basis.

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

2 Basis of preparation (continued)

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

The Company's accounting policies for recognition of revenue have been revised with effect from 1 July 2018 to reflect the adoption of IFRS 15 Revenue from Contracts with Customers.

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.

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 or Loss and Other Comprehensive Income as it accrues, using the effective interest method.

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

3 Accounting policies (continued)

Taxation

Income tax on the profit or loss for the period comprises current and deferred 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.

Deferred tax is the expected tax payable or receivable in future periods as a result of past transactions or events and is calculated by comparing the accounting balance sheet to the tax balance sheet. Temporary differences are provided for any differences in the carrying amounts of assets and liabilities between the accounting and tax balance sheets. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using applicable tax rates and laws at the reporting date.

Recognition of deferred tax assets is only to the extent it is probable that future taxable profits will be available so as the related tax asset will be realised. Deferred tax assets may include deductible temporary differences, unused tax losses and unused tax credits.

Management considers the estimation of future taxable profits to be an area of estimation uncertainty as a change in any of the assumptions used in budgeting and forecasting would have an impact on the future profitability of the Company. Forecasts and budgets form the basis of future profitability to support the carrying value of deferred tax assets.

Presentation of deferred tax assets and liabilities can be offset if there is a legally enforceable right to offset current tax liabilities and assets, they relate to income taxes levied by the same tax authority, and they are intended to be settled on a net basis or realised simultaneously.

Foreign currency transactions and balances

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions are translated into British pounds using the exchange rate on the date of the transactions. Assets and liabilities denominated in foreign currencies are translated to British pounds at balance date. Foreign exchange gains or losses resulting are recognised in the Statement of Profit or Loss for monetary assets and liabilities such as receivables and payables, except for qualifying cash flow hedges that are recognised in other comprehensive income.

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

3 Accounting policies (continued)

Investments

Equity investments in subsidiary and associated undertakings 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 impairment reviews annually.

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.

Trade 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 receivables. 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 receivables 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

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 Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

4 Finance income and costs

	2019 £	2018 £
Finance income		
Interest receivable from related parties	<u>106,382</u>	<u>97,796</u>

5 Auditors' remuneration

	2019 £	2018 £
Audit of financial statements	<u>5,897</u>	<u>6,199</u>

6 Taxation

Tax charged in the Statement of Profit or Loss

	2019 £	2018 £
Current tax		
Current year	(140,755)	(7,540)
Adjustments for prior years	<u>7,540</u>	<u>(333,081)</u>
Total current tax	<u>(133,215)</u>	<u>(340,621)</u>
Deferred tax		
Origination and reversal of temporary differences	-	(105,389)
Change in tax rate	-	(46,773)
Adjustments for prior years	<u>(11,059)</u>	<u>(78,210)</u>
Total deferred tax	<u>(11,059)</u>	<u>(230,372)</u>
Total income tax charge	<u>(144,274)</u>	<u>(570,993)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK of 19% (2018 - lower than the standard rate of 19%).

The differences are reconciled below:

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

6 Taxation (continued)

	2019 £	2018 £
Profit before tax	<u>740,816</u>	<u>453,373</u>
Income tax using the domestic corporation tax rate 19% (2018: 19%)	(140,755)	(86,141)
Adjustments for prior year tax claim	3,520	411,290
Non allowable expenses	-	26,788
Deferred tax relating to changes in tax rates	-	46,773
Other	<u>(1)</u>	<u>1</u>
Total income tax credit	<u>(144,274)</u>	<u>(570,993)</u>

The effective rate of taxation will vary as a result of any dividends paid by shareholdings, overseas tax rates, prior year tax claims and the utilisation of tax losses brought forward. A reduction in the corporate tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future current tax charge accordingly. The Company's profits for the accounting period are taxed at a statutory rate of 19% (2018: 19%).

Deferred tax

Deferred tax assets and liabilities are attributable to the following:

2019	Asset £
Unused tax losses recognised	<u>386,508</u>
2018	Asset £
Unused tax losses recognised	<u>397,567</u>

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

6 Taxation (continued)

Deferred tax movement during the year:

	At 1 July 2018	Recognised in income	At 30 June 2019
	£	£	£
Unused tax losses recognised	<u>397,567</u>	<u>(11,059)</u>	<u>386,508</u>

Deferred tax movement during the prior year:

	At 1 July 2017	Recognised in income	At 30 June 2018
	£	£	£
Unused tax losses recognised	<u>627,940</u>	<u>(230,373)</u>	<u>397,567</u>

There are £47,388,475 of unused capital losses (2018 - £47,388,475) for which no deferred tax asset is recognised in the statement of financial position.

7 Investments

	2019	2018
	£	£
Subsidiaries	<u>3</u>	<u>3</u>
Total investments	<u>3</u>	<u>3</u>

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

7 Investments (continued)

Reconciliation of subsidiaries

	2019 £	2018 £
Carrying amount at the beginning of year	3	3
Carrying amount at end of year	3	3
Subsidiaries cost	3	3
Carrying amount at end of year	3	3

Details of the subsidiaries as at 30 June 2019 are as follows:

Name of subsidiary	Principal activity	Country of Incorporation	Note	Ownership and voting right %	
				2019	2018
Lendlease Communities Limited	Property Development	United Kingdom		100%	100%

Notes - registered addresses:

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

8 Trade and other receivables

	30 June 2019 £	30 June 2018 £
Current		
Amounts owing from related parties	11,397,793	10,656,466
Other receivables	2	3
Total trade and other receivables	11,397,795	10,656,469

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

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

9 Cash and cash equivalents

	30 June 2019 £	30 June 2018 £
Cash and equivalents	-	-
Bank overdrafts	(473,951)	(449,440)

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

10 Issued capital

Allotted, called up and fully paid shares

	30 June 2019		30 June 2018	
	No.	£	No.	£
Allotted, called up and fully paid shares of £1 each	50,000,001	50,000,001	50,000,001	50,000,001

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holder of ordinary shares have the right to receive declared dividends from the Company and are entitled to one vote per share at meetings of the Company.

11 Trade and other payables

	Note	30 June 2019 £	30 June 2018 £
Current			
Amounts due to related parties		(11,368)	(23,166)
Accrued expenses		(5,166)	-
Other payables		-	(17,369)
Current trade and other payables		(16,534)	(40,535)

12 Parent and ultimate parent undertaking

The Company's immediate parent is Lendlease Europe Limited.

The ultimate parent is Lendlease Corporation Limited. The most senior parent entity producing publicly available financial statements is Lendlease Corporation Limited.

Lendlease Europe Retail Investments Limited

Notes to the Financial Statements for the year ended 30 June 2019 (continued)

12 Parent and ultimate parent undertaking (continued)

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.

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.

13 Non adjusting events after the financial period

There has been no event or circumstance since the balance sheet date that would significantly affect the Company.