

Company registration number: 03954113

Lendlease Europe Finance Plc

Annual Report and Financial Statements

for the year ended 30 June 2021



Lendlease Europe Finance Plc

Contents

Strategic Report	1 to 5
Directors' Report	6 to 7
Statement of Directors' Responsibilities	8
Independent Auditor's Report to the Members of Lendlease Europe Finance Plc	9 to 15
Statement of Profit or Loss and Other Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Equity	18
Statement of Cash Flows	19
Notes to the Financial Statements	20 to 33

Lendlease Europe Finance Plc

Strategic Report for the year ended 30 June 2021

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

Business review

The principal activity of the Company is to act as the financing company for the Lendlease group of companies operating in the Europe region. The Company generates income by charging finance income on loans made to Lendlease subsidiaries in Europe.

The Company recorded a profit after tax of £9.2m (2020: £4.7m). Profit after tax increased on prior year due to the impact of the UK tax rate change from 19% to 25% on the deferred tax assets held by the Company.

The Company finished the year with a net asset position of £32.7m (2020: £23.5m).

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 Finance Plc

Strategic Report for the year ended 30 June 2021 (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 Finance Plc

Strategic Report for the year ended 30 June 2021 (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 is closely monitoring the situation relating to COVID-19 which emerged in early 2020 and continues into 2021. With the roll out of the vaccine there is optimism that the UK's economy will start to bounce back although the speed of recovery is unknown. The full impact the pandemic will have on the Company is uncertain given the situation is evolving and the wider impact on the economy is unknown, however due to the nature of the Company, to date, there has not been a material impact. Refer to note 2 of the financial statements which provides further details around the directors' assessment of the Company to continue as a going concern.

Lendlease Europe Finance Plc

Strategic Report for the year ended 30 June 2021 (continued)

Companies Act 2006 - s.172 Statement

s172(1) of the Companies Act requires Directors of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as whole. The Directors are aware of their responsibilities to promote the success for the benefit of its members in accordance with the above and have acted in accordance with these responsibilities during the year. Directors of the Companies within the Lendlease Group are provided with regular training and are briefed on their duties under the Companies Act, including their duty under s.172 of the Act.

The European Lendlease entities operate within the broader Lendlease Group headed by Lendlease Group in Australia. The Lendlease Group operates with a high standard of risk governance and management which is implemented within the Europe region. The Lendlease Group's approach to risk management focuses on aligning its Board and management to drive informed and consistent decisions, achieving effective and efficient allocation of capital and resources, providing an understanding of risk limits, providing a context to identify, report and manage risks, and creating a culture of risk awareness and accountability. This framework supports the Directors of the Company in making the right decisions that will promote the success of the company for the benefits of its members as a whole. Further details of key risks the Group may face and the ways we aim to mitigate these can be found in the Group's Annual Report (www.lendlease.com).

Business relationships

The Directors of the Company acknowledge the importance of the need to foster the company's business relationships with suppliers, customers and others. The Lendlease Group has five areas through which we focus our endeavours to create long-term value. These underpin our ability as a Group to create economic, safe and sustainable outcomes for our customers, partners, security holders and the community. While we approach our focus areas with an innovative mindset, our decisions are supported by disciplined governance and risk management. Further details can be found within the Group's annual report (www.lendlease.com).

The Company's key stakeholder are its debt providers with whom we have strong relationships with a wide range of debt providers which we manage both globally and at a local level.

Lendlease Europe Finance Plc

Strategic Report for the year ended 30 June 2021 (continued)

Outlook

The Company will continue to act as the financing company for the Lendlease group of companies operating in the Europe region.

Approved by the Board on 15/12/2021 and signed on its behalf by:



.....
John David Clark
Director

Lendlease Europe Finance Plc

Directors' Report for the Year Ended 30 June 2021

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

Directors of the company

The following persons held office as directors of the Company:

Thomas Mackellar (resigned 22 October 2021)

Yvonne Kostopoulos (resigned 14 August 2020)

Jae Hee Park (appointed 12 August 2020)

Elma Morris (appointed 12 August 2020)

The following director was appointed after the year end:

John David Clark (appointed 22 October 2021)

Results

The Company's profit after tax for the year was £9.2m (2020: £4.7m).

Dividends

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

Political donations

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

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 15 to the financial statements.

Outlook

An indication of likely future developments in the business has been included in the Strategic Report on page 5.

Lendlease is closely monitoring the situation relating to COVID-19 which emerged in early 2020 and continues into 2021. With the roll out of the vaccine there is optimism that the UK's economy will start to bounce back although the speed of recovery is unknown. The full impact the pandemic will have on the Company is uncertain given the situation is evolving and the wider impact on the economy is unknown, however due to the nature of the Company, to date, there has not been a material impact. Refer to note 2 of the financial statements which provides further details around the director's assessment of the Company to continue as a going concern.

Events after the balance sheet date

In July 2021 Lendlease Europe Finance plc closed a €200m sustainability linked revolving credit facility, maturing in July 2026. This facility is fully guaranteed by Lendlease Finance Limited, Lendlease (US) Capital Inc., Lendlease Corporation Limited and Lendlease Responsible Entity Limited in its capacity as the responsible entity of the Lendlease Trust.

In October 2021 Lendlease Europe Finance plc repaid the £300 million of guaranteed unsecured notes. In December 2021 the Company issued £250 million 3.5% Fixed Rate Green Notes due 02 December 2033, issued under the US\$2 billion Euro Medium Term Note Programme.

Lendlease Europe Finance Plc

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

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 15/12/2021 and signed on its behalf by:



.....
John David Clark
Director

Lendlease Europe Finance Plc

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 Auditor's Report to the Members of Lendlease Europe Finance Plc

1 Our opinion is unmodified

We have audited the financial statements of Lendlease Europe Finance Plc (the "Company") for the year ended 30 June 2021, which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2020):

<p>Going Concern Refer to page 18 for the accounting policy</p>	<p>Subjective estimate and disclosure quality The financial statements explain how the Directors have formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Company.</p> <p>That judgement is based on an evaluation of the inherent risks to the Company's business model and how those risks might affect the Company's financial resources or ability to continue operations over a period of at least 12 months from the date of approval of the financial statements.</p> <p>The risks most likely to adversely affect the Company's available financial resources over this period is the impact of COVID-19 on the related party who is the counterparty to the Company's intra-group receivables balances and the repayment of the bond which was due to expire post year end. The primary risks to that counterparty are contract performance and subcontractor failure.</p>	<p>Our procedures included:</p> <p>-Our sector experience: We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the company and the counterparty (the intra-group related party) in their cash flow forecasts and the level of downside sensitivities applied using our knowledge of the Covid-19 impact on the business.</p> <p>-Funding assessment: Challenging the evidence available to the directors in relation to the financial capacity of the parent entities and the group it heads to provide financial support to the related party. This includes the inspection of the parent entities and group's latest available financial statements (30 June 2020), as well as the work performed by the group audit team in respect of the group's draft financial statements to assess if the parent has the financial capacity to provide financial support.</p> <p>Challenging managements plan for financing of the entity post bond settlement. KPMG have considered the impact of the bond settlement and subsequent bond issue post year end including sighting evidence of the settlement and issue.</p> <p>-Evaluating Directors' Intent: Challenging the directors' assessment of the intention of the parent to provide such financial support by considering the group's history of providing support.</p> <p>-Assessing transparency: We assessed the accuracy and completeness of the matters covered in the going concern disclosure.</p> <p>Our results: We found the Company's assessment of the recoverability of the intra-group debtor balance to be acceptable, we found the external financing arrangements considered within the assessment to be acceptable and the going concern disclosure without any material uncertainty to be acceptable.</p>
---	--	---

Independent Auditor's Report to the Members of Lendlease Europe Finance Plc (continued)

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £8.5m (2020: £6.8m), determined with reference to a benchmark of total assets (of which it represents 0.89% (2020: 0.93%)). We consider total assets to be the most appropriate benchmark as the Company's main activity is to provide financing service to related entities and as a result the focus of the Company is on managing the levels funding given.

We agreed to report to those charged with governance any corrected or uncorrected identified misstatements exceeding £0.4m in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above and was all performed at the head office in London.

4 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").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2 to be acceptable.

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 Auditor's Report to the Members of Lendlease Europe Finance Plc (continued)

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

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as provision for dispute/ impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because no revenue is generated.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls

We performed procedures including:

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

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

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

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

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

Independent Auditor's Report to the Members of Lendlease Europe Finance Plc (continued)

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report to the Members of Lendlease Europe Finance Plc (continued)

6 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Strategic report and directors' report

Based solely on our work on the other information:

- 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.

Independent Auditor's Report to the Members of Lendlease Europe Finance Plc (continued)

7 We have nothing to report on the other 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.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

**Independent Auditor's Report to the Members of Lendlease Europe Finance Plc
(continued)**

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

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



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

Date: 15 December 2021
.....

Lendlease Europe Finance Plc

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

	Note	2021 £ 000	2020 £ 000
Finance income	6	41,321	39,255
Finance costs	6	(40,862)	(39,222)
Net finance income		459	33
Profit before tax		459	33
Income tax credit	8	8,759	4,640
Profit after tax		9,218	4,673
Total comprehensive income after tax		9,218	4,673

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 20 to 33.

Lendlease Europe Finance Plc

Statement of Financial Position as at 30 June 2021

	Note	30 June 2021 £ 000	30 June 2020 £ 000
Assets			
Cash and cash equivalents	9	27,289	-
Trade and other receivables	10	906,281	927,257
Deferred tax assets	8	17,500	6,075
Total assets		951,070	933,332
Liabilities			
Bank overdraft	9	-	(9,003)
Trade and other payables	11	(616,876)	(527,975)
Current tax liability		(2,665)	-
Borrowings and financing arrangements	12	(298,844)	(372,887)
Total liabilities		(918,385)	(909,865)
Equity			
Share capital	13	(11,000)	(11,000)
Retained earnings		(21,685)	(12,467)
Total equity		(32,685)	(23,467)
Total equity and liabilities		(951,070)	(933,332)

Approved by the Board on 15/12/2021 and signed on its behalf by:



John David Clark

Director

Company Registration Number: 03954113

Lendlease Europe Finance Plc

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

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2019	11,000	7,794	18,794
Total comprehensive income			
Profit for the year	-	4,673	4,673
Total comprehensive income	-	4,673	4,673
At 30 June 2020	11,000	12,467	23,467
	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2020	11,000	12,467	23,467
Total comprehensive income			
Profit for the year	-	9,218	9,218
Total comprehensive income	-	9,218	9,218
At 30 June 2021	11,000	21,685	32,685

The notes to and forming part of these financial statements are set out on pages 20 to 33.

Lendlease Europe Finance Plc

Statement of Cash Flows for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Profit for the year		9,218	4,673
Adjustments for:			
Finance income	6	(41,321)	(39,255)
Finance costs	6	40,862	39,222
Income tax credit	8	<u>(8,759)</u>	<u>(4,640)</u>
		-	-
Working capital adjustments			
Decrease/(increase) in trade and other receivables	10	61,928	(179,785)
Increase in trade and other payables	11	<u>86,174</u>	<u>188,186</u>
Cash generated from operations		148,102	8,401
Interest received		4	153
Interest paid		<u>(30,128)</u>	<u>(30,085)</u>
Net cash flow generated from/(used in) operating activities		<u>117,978</u>	<u>(21,531)</u>
Cash flows from financing activities			
Costs associated with financing		(7,074)	(6,894)
Proceeds from borrowings		894,231	873,000
Repayment of borrowings		<u>(968,843)</u>	<u>(878,000)</u>
Net repayment of borrowings		<u>(74,612)</u>	<u>(5,000)</u>
Net cash flow used in from financing activities		<u>(81,686)</u>	<u>(11,894)</u>
Net increase/(decrease) in cash and cash equivalents		36,292	(33,425)
Cash and cash equivalents at 1 July		<u>(9,003)</u>	<u>24,422</u>
Cash and cash equivalents at 30 June		<u><u>27,289</u></u>	<u><u>(9,003)</u></u>

The notes to and forming part of these financial statements are set out on pages 20 to 33.

Lendlease Europe Finance Plc

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

1 General information

Lendlease Europe Finance Plc (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 03954113.

The address of its registered office is:

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

The principal activity of the Company is to act as the financing company for the Lendlease group of companies operating in the Europe region. The Company generates income by charging finance income on loans made to Lendlease subsidiaries in Europe.

2 Basis of preparation

Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards and interpretations ("adopted IFRS").

The financial statements have been prepared in accordance with adopted IFRSs and under the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

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

Summary of significant accounting policies and key accounting estimates

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

Changes in accounting policy

The following accounting standards, interpretations and amendments have been adopted by the Company in the year ended 30 June 2021:

Amendments to the following standards:

- IAS 1 and IAS 8 Definition of Material
- IFRS 3 Business Combinations
- IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS Standards

These amended standards did not have a material effect on the Company.

Lendlease Europe Finance Plc

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

2 Basis of preparation (continued)

The following accounting standards, interpretations and amendments have been issued by the IASB but had either not been adopted by the United Kingdom or were not yet effective in the United Kingdom at 30 June 2021:

- IFRS 17 Insurance Contracts

Amendments to the following standards:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
- IAS 16 Property, Plant and Equipment
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IFRS 3 Business Combinations
- IFRS 4 Insurance Contracts - Deferral of IFRS 9
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2
- Amendments to Annual Improvements 2018-2020

The Directors do not expect the standards above to have a material effect. The Company has chosen not to adopt any of the above standards and interpretations earlier than required.

Lendlease Europe Finance Plc

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

2 Basis of preparation (continued)

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The Company finished the year with a net asset position of £32.7m (2020: £23.5m) of which £906.2m (2020: £926.9m) relates to a related party receivable owing from Lendlease Europe Holdings Limited. ("LLEH"). The directors consider the related party receivable to be recoverable and no impairment has been recognised. The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis.

Subsequent to the year end, the Company has refinanced its pre-existing bond, replacing £299.8m of debt with a £247.1m bond at more favourable commercial terms that will expire in December 2033. In March 2023, the Company will be required to refinance its existing RCF and, assuming no market abnormalities, the Directors have every confidence that it will be able to do so.

A letter of support has also been provided from Lendlease International Pty Limited ("LLI") to LLEH stating LLI accepts responsibility of providing and undertakes to provide, sufficient financial assistance to the LLEH, as and when it is required, to enable LLEH to continue its operations and fulfil all of its financial obligations.

This support covers a period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors of LLEF 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.

The Directors have considered the liquidity of the Company going forward, in particular any adverse effects that could arise due to the ongoing COVID-19 pandemic and have deemed that due to the current undrawn facilities and the factors set out above, they believe that the Company is well placed to manage its financing and future commitments over a period of at least 12 months from the date of the financial statements.

3 Accounting policies

Finance income and costs

Finance income is recognised as it is earned using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the expected life of the financial instrument. The discount is then recognised as finance revenue over the remaining life of the financial instrument.

Finance costs include interest and amortisation of costs incurred in connection with the arrangement of new borrowings facilities. Costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Finance costs are expensed immediately as incurred.

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

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.

Lendlease Europe Finance Plc

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

3 Accounting policies (continued)

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.

Cash and cash equivalents

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

Lendlease Europe Finance Plc

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

3 Accounting policies (continued)

Trade and other receivables

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

Trade and other receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the 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 irrecoverable amounts and expected credit losses, 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. The recoverable amount of the related party receivable is assessed at each balance date and accounting judgement is required to assess whether a provision is required to be raised.

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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under the amortised cost method the difference between the amount initially recognised and the redemption value is recorded in the Statement of Profit or Loss over the period of the borrowing on an effective interest basis.

Share capital

Ordinary shares are classified as equity.

4 Auditor's remuneration

	2021	2020
	£ 000	£ 000
Audit of financial statements	<u>19</u>	<u>15</u>

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

Lendlease Europe Finance Plc

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

5 Directors' remuneration

The directors of the Company were all directly employed by Lendlease Construction (Europe) Limited however their costs were recharged to the following entities:

Thomas Mackellar - Lendlease Europe Limited
Jae Hee Park - Lendlease Europe Limited
Elma Morris - Lendlease Europe Limited

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

6 Finance income and costs

	2021	2020
	£ 000	£ 000
Finance income		
Bank interest received	4	153
Interest receivable from related parties	16,860	14,645
Preference share interest receivable from a related party	24,457	24,457
Total finance income	<u>41,321</u>	<u>39,255</u>
Finance costs		
Interest on bank overdrafts and borrowings	(21,946)	(26,845)
Interest payable to related parties	(12,715)	(6,329)
Other finance costs	(6,201)	(6,048)
Total finance costs	<u>(40,862)</u>	<u>(39,222)</u>
Net finance income	<u><u>459</u></u>	<u><u>33</u></u>

7 Staff costs

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

Lendlease Europe Finance Plc

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

8 Taxation

Tax credited in the Statement of Profit or Loss

	2021 £ 000	2020 £ 000
Current tax		
Adjustments for prior years	(2,665)	(1,435)
Total income tax credit	(2,665)	(1,435)
Deferred tax		
Origination and reversal of temporary differences	5,999	4,640
Change in tax rate	2,760	-
Adjustments for prior years	2,665	1,435
Total deferred tax	11,424	6,075
Total income tax credit	8,759	4,640

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

The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	459	33
Income tax using the domestic corporation tax rate 19% (2020: 19%)	88	7
Exempt income	(4,647)	(4,647)
Deferred tax relating to changes in tax rates	(4,200)	-
Total income tax credit	8,759	4,640

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

Lendlease Europe Finance Plc

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

8 Taxation (continued)

Deferred tax

Deferred tax assets and (liabilities) are attributable to the following:

	Asset £ 000
2021	
Unused tax losses recognised	-
Loan relationships	17,500
	<u>17,500</u>
2020	
Unused tax losses recognised	2,524
Loan relationships	3,551
	<u>6,075</u>

Deferred tax movement during the year:

	At 1 July 2020 £ 000	Recognised in income £ 000	At 30 June 2021 £ 000
Unused tax losses recognised	2,524	(2,524)	-
Loan relationships	3,551	13,949	17,500
Net tax assets/(liabilities)	<u>6,075</u>	<u>11,425</u>	<u>17,500</u>

Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24 May 2021 and will be effective from 1 April 2023. This future change to the rate of UK corporation tax has been incorporated into the valuation of deferred tax balances recognised in the statement of financial position.

9 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	27,289	-
Cash and equivalents	<u>27,289</u>	<u>-</u>
Bank overdrafts	-	(2,003)

Lendlease Europe Finance Plc

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

10 Trade and other receivables

	2021 £ 000	2020 £ 000
Amounts owing from related parties	906,281	926,923
Prepayments	-	334
Total trade and other receivables	906,281	927,257

Amounts owing from related parties includes £351.9m which relates to preference shares the Company has subscribed to in Lendlease Europe Holdings Limited. On 28 June 2018, the Company subscribed to 1,900,000 Class A Preference Shares in Lendlease Europe Holdings Limited at par £1,900,000 and 350,000,000 Class B Preference Shares in Lendlease Europe Holdings Limited at par £350,000,000. All Preference Shares were initially recognised at fair value on the date of recognition and subsequently measured at amortised cost.

The Class A Preference Shares shall rank on a winding up or other return of capital in priority to the Class A Ordinary Shares and the Class B Ordinary Shares. The Class A Preference Shares shall receive a fixed cumulative preferential dividend at an annual rate of 6.95% of the nominal value per Class A Preference Share, in priority to the Class A Ordinary Shares and the Class B Ordinary Shares. The Class A Preference Shares have the right to attend and vote at meetings of shareholders.

The Class B Preference Shares shall rank on a winding up or other return of capital in priority to the Class A Ordinary Shares, the Class B Ordinary Shares and the Class A Preference Shares. The Class B Preference Shares shall receive a fixed cumulative preferential dividend at an annual rate of 6.95% of the nominal value per Class B Preference Share, in priority to the Class A Preference Shares, Class A Ordinary Shares and the Class B Ordinary Shares. The Class B Preference Shares have no right to vote at meetings of shareholders and may be redeemed upon written notice.

Both the Class A and Class B Preference Shares expire on the 28 June 2023.

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

11 Trade and other payables

	Note	2021 £ 000	2020 £ 000
Amounts due to related parties	16	(602,630)	(514,231)
Accrued expenses		(13,300)	(13,265)
Other payables		(946)	(479)
Trade and other payables		(616,876)	(527,975)

The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 15 "Financial risk management and impairment of financial assets".

Lendlease Europe Finance Plc

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

12 Loans and borrowings

	2021 £ 000	2020 £ 000
Commercial paper	-	75,000
Commercial notes	299,851	299,320
Debt issue costs	(1,007)	(1,433)
	<u>298,844</u>	<u>372,887</u>

Prior year commercial paper relates to commercial paper that was purchased by the Bank of England through the COVID19 Corporate Finance Facility which matured in March 2021.

Commercial notes comprise £300m of guaranteed unsecured notes issued in October 2006 with a 6.125% coupon rate maturing in October 2021.

The revolving credit facility is a £400m multi-option facility maturing in March 2023 of which £nil was drawn at 30 June 2021.

13 Issued capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>	<u>11,000</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holders 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.

14 Financial instruments

All financial instruments recognised on the Statement of Financial Position, including those instruments carried at amortised cost, are recognised at amounts that represent a reasonable approximation of fair value, with the exception of the following borrowing:

Lendlease Europe Finance Plc

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

14 Financial instruments (continued)

Financial liabilities

Financial liabilities at amortised cost

	Carrying value		Fair value	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Commercial notes	<u>299,851</u>	<u>299,320</u>	<u>304,916</u>	<u>321,976</u>

Valuation methods and assumptions

The fair value of commercial notes has been calculated by discounting the expected future cash flows by the appropriate government bond rates and credit margin applicable to the relevant term of the commercial note, as per level 1 valuation method. There has been no change of valuation method during the year.

15 Financial risk management

The Company's activities expose it to a variety of financial risks. The Lendlease Asset and Liability Committee oversees the management of the Group's Treasury risks, within the parameters of a Board approved Treasury Policy, and maintains a Group-wide framework for financial risk management and reviews issues of material risk exposure within the scope of the Treasury Policy. A summary of key risks identified, exposures and management of exposures is detailed below.

Market risk

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 exposure to interest rate risk includes financial assets (mainly cash at bank), financial liabilities (mainly borrowings and financing arrangements) and movements in intra-group lending rates.

Interest rate risk sensitivity analysis

At 30 June 2021, it is estimated that an increase of one percentage point in interest rates would have increased the Company's profit before tax by approximately £3.8m (2020: decrease of £1.5m) and a decrease of one percentage point would have decreased the Company's profit before tax by approximately £4.0m (2020: increase of £1.4m). There has been no change in method or assumptions from previous periods.

Lendlease Europe Finance Plc

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

15 Financial risk management (continued)

Credit risk

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

The risk includes the recoverability of loans and receivables, other financial assets and cash deposits. Credit risk exposure is managed by having policies in place to ensure that customers and suppliers are appropriately credit assessed. The Treasury Policy sets out credit limits for each counterparty based on minimum investment-grade ratings.

The Company's exposure to credit risk relates only to its intercompany receivables. This is not considered a material risk.

Liquidity risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities.

The exposure is managed by maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements, managing to funding portfolio benchmarks as outlined by the Treasury Policy, and timely review and renewal of credit facilities. The Company has a loan facility with Lendlease Finance Limited to meet short term financing needs.

Maturity analysis

	Carrying amount £ 000	Within 1 year £ 000	Between 1 and 2 years £ 000	Between 2 and 5 years £ 000	Total £ 000
2021					
Trade and other payables	(616,876)	(616,876)	-	-	(616,876)
Loans and other borrowings	(298,844)	(306,876)	(1,640)	(60)	(308,576)
Total	(915,720)	(923,752)	(1,640)	(60)	(925,452)
	Carrying amount £ 000	Within 1 year £ 000	Between 1 and 2 years £ 000	Between 2 and 5 years £ 000	Total £ 000
2020					
Trade and other payables	(527,975)	(527,975)	-	-	(527,975)
Loans and other borrowings	(372,887)	(76,640)	(306,876)	(1,238)	(384,754)
	(900,862)	(604,615)	(306,876)	(1,238)	(912,729)

16 Related party transactions

16.1 Transactions with key management personnel

Further details of directors' remuneration are disclosed in note 5.

Lendlease Europe Finance Plc

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

16 Related party transactions (continued)

16.2 Summary of transactions with related parties

Summary of transactions with other related parties

Other related parties are entities controlled by Lendlease Corporation Limited that are neither the parent nor subsidiaries of the Company. Transactions with other related parties include management charges, loans and interest.

	2021 £ 000	2020 £ 000
Finance income received from related parties:		
Other related parties	41,317	39,102
Finance costs paid to related parties:		
Other related parties	(17,816)	(11,364)

16.3 Related party receivables

	2021 £ 000	2020 £ 000
Other related parties	906,281	926,923
Total related party receivables	906,281	926,923

16.4 Related party payables

	2021 £ 000	2020 £ 000
Other related parties	(602,630)	(514,231)
Total related party payables	(602,630)	(514,231)

17 Parent and ultimate parent undertaking

The Company's immediate parent is Lendlease Finance Holding Company Pty Limited.

The ultimate parent is Lendlease Corporation Limited.

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

Lendlease Europe Finance Plc

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

17 Parent and ultimate parent undertaking (continued)

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.

18 Subsequent events

In July 2021 Lendlease Europe Finance plc closed a €200m sustainability linked revolving credit facility, maturing in July 2026. This facility is fully guaranteed by Lendlease Finance Limited, Lendlease (US) Capital Inc., Lendlease Corporation Limited and Lendlease Responsible Entity Limited in its capacity as the responsible entity of the Lendlease Trust.

In October 2021 Lendlease Europe Finance plc repaid the £300 million of guaranteed unsecured notes. In December 2021 the Company issued £250 million 3.5% Fixed Rate Green Notes due 02 December 2033, issued under the US\$2 billion Euro Medium Term Note Programme.