Lend Lease Performance Retail Limited

Directors' report and financial statements

30 June 2011
Registered number 4373286

Directors' report and financial statements

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2011

Principal activity and review of the business
The principal activity of Lend Lease Performance Retail Limited was to hold investments however the Company sold its sole investment in Performance Retail Unit Trust in the prior year

Results and dividends
The profit for the year after taxation amounted to £887,764 (2010 profit of £6 601,900) The directors do not recommend the payment of a dividend (2010 £nil)

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

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

G Kondo	
S Mosely	(resigned 7 February 2011)
S K Grist	(appointed 7 February 2011)

The following changes in directorships occured susbsequent to year end
G Kondo (resigned 4 October 2011)

Political and charitable contributions
The company made no political or charitable contributions during the year (2010 £nil)

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

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

By order of the board

S Grist
Director
20 Triton Street
Regents Place, London
NW1 3BF
9 November 2011

Statement of dırectors' responsıbılıtıes ın respect of the dırectors' report and the fınancıal statements

The dırectors are responsıble for preparıng the Dırectors' Report and the fınancıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare fınancıal statements for each fınancıal year Under that law they have elected to prepare the fınancıal statements ın accordance wıth IFRSs as adopted by the EU and applıcable law

Under company law the dırectors must not approve the fınancıal statements unless they are satısfıed that they gıve a true and faır vıew of the state of affaırs of the company and of the profıt or loss of the company for that perıod In preparıng these fınancıal statements the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgments and estımates that are reasonable and prudent,
- state whether they have been prepared ın accordance wıth IFRSs as adopted by the EU, and
- prepare the fınancıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are suffıcıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the fınancıal posıtıon of the company and enable them to ensure that the fınancıal statements comply wıth the Companıes Act 2006 They have general responsıbılıty for takıng such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other ırregularıtıes

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

We have audited the financial statements of Lend Lease Performance Retail Limited for the year ended 30 June 2011 set out on pages 4 to 11 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

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

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

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB s web site at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company s affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

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

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

W. Meredith

William Meredith
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL
9th November 2011

Statement of comprehensive income
for the year ended 30 June 2011

	Note	2011	2010
		£	£
Other income		371,028	1,400,000
Administrative expenses		(14,766)	(486,460)
Profit on sale of investment		-	5,742,012
Operating profit		356,262	6,655,552
Finance income	4	725,962	334,202
Finance expense	5	-	(160,329)
Profit on ordinary activities before taxation		**1,082,224**	**6,829,425**
Taxation expense	6	(194,460)	(227,525)
Profit on ordinary activities after taxation		**887,764**	**6,601,900**
Total comprehensive income for the year		**887,764**	**6,601,900**

All activities are continuing

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

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

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

Balance Sheet
as at 30 June 2011

	Note	2011 £	2010 £
Current assets			
Trade and other receivables	7	36,335,138	35,546,940
Total assets		36,335,138	35,546,940
Current liabilities			
Trade and other payables	9	-	(99,568)
Total liabilities		-	(99,568)
Net assets		**36,335,138**	**35,447,373**
Capital and reserves			
Called up share capital	10	37,786,255	37,786,255
Retained earnings		(1,451,117)	(2,338,882)
Total equity		**36,335,138**	**35,447,373**

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

These statements were approved by the board of directors on 9 November 2011 and were signed on its behalf by

S Grist
Director

Statement of changes in shareholders' equity
for the year ended 30 June 2011

	Attributable to shareholders		
	Share capital £	Retained earnings £	Total equity £
Balance at 1 July 2009	37,786,255	(8,940,781)	28,845,474
Retained profit for the year	-	6,601,900	6,601,900
Balance at 30 June 2010	**37,786,255**	**(2,338,881)**	**35,447,374**
Balance at 1 July 2010	37,786,255	(2,338,881)	35,447,374
Retained profit for the year	-	887,764	887,764
Balance at 30 June 2011	**37,786,255**	**(1,451,117)**	**36,335,138**

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

Cashflow statement
for the year ended 30 June 2011

	2011	2010
	£	£
Cash flows from operating activities		
Profit for the year	887,764	6,601,900
Adjustments for		
Profit on sale of investment	-	(5,742,012)
Financial income	(725,962)	(334,202)
Financial expense	-	160,329
Income tax expense	194,460	227,525
Operating profit before changes in working capital	356,262	913,540
Increase in trade and other receivables	(788,196)	(21,882,058)
Decrease in trade and other payables	(99,568)	(9 162,149)
Tax paid	(194,460)	(193,206)
Net cash from operating activities	(725,962)	(30,323,873)
Cash flows from investing activities		
Interest received	725,962	334,202
Proceeds from sale of investment	-	30,150,000
Net cash from investing activities	725,962	30,484,202
Cash flows from financing activities		
Interest paid	-	(160,329)
Net cash from financing activities	-	(160,329)
Cash and cash equivalents at 1 July	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 30 June	-	-

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

Notes to the financial statements

1 Accounting policies

Lend Lease Performance Retail Limited (the "Company") is a company incorporated in the UK The company s financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (Adopted IFRSs") and its interpretations as adopted by the International Accounting Standards Board (IASB)

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

Revenue

Revenue is stated net of value added tax and is derived from the provision of fund and asset management services

Net financing costs

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits Bank overdrafts that are repayable on demand and form an integral part of the company s cash management are included as a component of cash and cash equivalents for the purpose only of the Cash Flow Statement

Trade and other receivables

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Investments

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

Net Gains or Losses on Sale of Investments

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

Dividend

Dividend income is recognised when the right to receive payment is established usually on declaration of the dividend

Taxation

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

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

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

Key estimates and judgements

These accounts are prepared under IFRSs as adopted by the EU The choice of accounting policies involves, in some cases management evaluating and choosing the policy that gives the most true and fair view

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued that are effective or not yet effective for the year ended 30 June 2011, but have not been applied in preparing these financial statements None of these have a material effect on the financial statements of the Company

Notes to the financial statements *(continued)*

2 Auditor's remuneration

Auditor's remuneration in respect of audit and other fees were paid by a fellow subsidiary within the Lend Lease Europe Holdings group

The directors estimate the fee attributable to the company is £3,500 (2010 £3 500)

3 Directors remuneration and employees

The directors did not receive any emoluments in respect of their services to the company (2011 £nil) The company did not employ any staff during the year (2011 nil)

4 Financial income

	2011	2010
	£	£
Interest income on amounts due to Lend Lease Europe Limited	725 962	334 202

5 Financial Expense

	2011	2010
	£	£
Interest expense on loan from Performance Retail Limited Partnership		160 329

6 Taxation

(a) Charge/(credit) recognised in the Statement of Comprehensive Income

	2011	2010
Current tax	£	£
Current year	194 460	193 205
Deferred tax		
Partnership interests	-	32 320
Tax on (credit)/charge on ordinary activities	-	225 525

(b) Reconciliation of effective tax rate

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 27 5% (2010 28%)

	2011	2010
	£	£
Profit before tax	1 082 224	6,829,425
Tax using the UK corporation tax rate of 27 5% (2010 28%)	297 611	1 912 239
Non taxable income	(103 152)	(76 951)
Losses not recognised		(1 607,763)
Total tax in income statement	194,459	227,525

The Chancellor has announced that the UK corporation tax rate will reduce from 28% to 23% over a period of four years by April 2014 The first reduction from 28% to 26% was substantively enacted on 29 March 2011 and was effective from 1 April 2011 The reduction in the UK corporation tax rate from 26% to 25% was substantively enacted on 5 July 2011 and is effective from 1 April 2012 This will reduce the Company s future current tax charge accordingly and the impact has not yet been estimated

7 Trade and other receivables

	2011	2010
	£	£
Amounts owed by Lend Lease Europe Limited	36 335 138	35,546,940

All receivables fall due within one year (2010 within one year)

Notes to the financial statements *(continued)*

8 Deferred tax assets

The deferred tax amounts are recognised as follows

	2011	2010
	£	£
Deferred tax asset		

Movement in deferred tax during the year	£
At 30 June 2010	
Charged to the Statement of Comprehensive Income	
As at 30 June 2011	

Recognised deferred tax assets

Deferred tax assets are attributable to the following	**Assets**		**Net**	
	2011	2010	**2011**	2010
	£	£	£	£
Partnership profits	-		-	

Movement in deferred tax during the year

	1 July 2010	**Prior year**	**Rate change**	**Current year**	**30 June 2011**
	£	£	£	£	£
Partnership profits	-		-		-

Movement in deferred tax during the prior year

	1 July 2009	Prior year	Rate change	Current year	30 June 2010
	£	£	£	£	£
Partnership profits	34 319	-	-	(34 319)	-

There are also unrecognised deferred tax assets on the following items

	Gross		**Net**	
	2011	2010	**2011**	**2010**
	£	£	£	£
Tax value of losses carried forward	7,871,436	7 871 436	2 204 010	2 204 010
	7,871,436	7,871,436	2,204,010	2,204,010

The tax losses relate to crystallised trading losses

The Chancellor has announced that the UK corporation tax rate will reduce from 28% to 23% over a period of four years by April 2014 The first reduction from 28% to 26% was substantively enacted on 29 March 2011 and was effective from 1 April 2011 The reduction in the UK corporation tax rate from 26% to 25% was substantively enacted on 5 July 2011 and is effective from 1 April 2012 This will reduce the Company s future current tax charge accordingly and the impact has not yet been estimated

9 Trade & other payables

	2011	2010
	£	£
Trade payables to related parties	-	99,568

The amounts owed to related parties in the current year is £nil The amounts owed to related parties in the prior year represented a loan to Lend Lease Performance Retail Limited from the Performance Retail Limited Partnership, a related party of the company The principal on the loan was repaid following the sale of the investment in Performance Retail Unit Trust the remaining amount of £99 568 represents interest on the loan which was subsequently repaid in July 2010

10 Called up share capital

	2011	2010
Authorised	£	£
50 000 000 ordinary shares of £1	50 000 000	50 000 000

	2011	2010
Allotted, called up and fully paid	£	£
37 786 255 ordinary shares of £1 (2010 37 786 255 ordinary share of £1 each)	37,786,255	37,786,255

Notes to the financial statements *(continued)*

11 Subsequent events

There have been no significant post balance sheet events

12 Related Party Disclosures

At the year end the company was owed £36 529 598 (2010 £35,512,622) by Lend Lease Europe Limited its parent company During the year the company recognised interest income of £725,962(2010 £334,202) on this balance The interest was charged at LIBOR plus 1 5% The company was also charged a management fee of £nil (2010 £486,460) by Lend Lease Europe Limited for management services provided during the year

The amounts owed to related parties in the current year is £nil The amounts owed to related parties in the prior year represented a loan to Lend Lease Performance Retail Limited from the Performance Retail Limited Partnership The principal on the loan was repaid following the sale of the investment in Performance Retail Unit Trust, the remaining amount of £99 568 represented interest on the loan which was subsequently repaid in July 2010 The interest expense incurred on this loan in the prior year was £160 329

13 Financial Risk Management

Introduction and overview

The company has exposure to the following risks

- Credit risk
- Operational risks
- Interest rate risks

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

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

a) Credit risk

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

b) Operational risk

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

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

c) Interest Rate Risk

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

Sensitivity Analysis

At 30 June 2011, it is estimated that an increase of one percentage point in interest rates would have increased the company s profit before tax by approximately £346 249 (2010 decreased the company s profit before tax by £120,005)

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

d) Fair values of financial assets and liabilities – on balance sheet

There is no significant difference between the carrying value and fair value of the financial instruments

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

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

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