

Company registration number: 5789389

Lendlease CEMEA Investments Limited

Annual Report and Financial Statements

for the year ended 30 June 2018



Lendlease CEMEA Investments Limited

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Lendlease CEMEA Investments Limited

Directors' Report for the Year Ended 30 June 2018

The directors of Lendlease CEMEA Investments Limited present their report for the financial year ended 30 June 2018.

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:

S Burwood

M Packer

A Ruckstuhl

Results

The Company's profit after tax for the year was €0.6m (2017: €nil).

Dividends

The directors do not recommend the payment of a dividend (2017: €nil).

Political donations

The Company made no political donations or incurred any political expenditure during the year (2017: €nil).

Research and development

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

Events after the balance sheet date

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

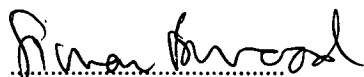
Disclosure of information to the auditor

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 4 October 2018 and signed on its behalf by:



S Burwood
Director

Lendlease CEMEA Investments Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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).

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 the 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 CEMEA Investments Limited

Opinion

We have audited the financial statements of Lendlease CEMEA Investments Limited (the "Company") for the year ended 30 June 2018, 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 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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.

Going concern

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in the Statement of Directors' Responsibilities 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; 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.

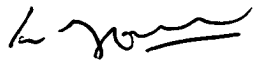
Auditors' responsibilities

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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

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: 8 October 2018

Lendlease CEMEA Investments Limited

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2018

	Note	2018 € 000	2017 € 000
Administrative expenses		16	-
Other operating income	4	-	5
Results from operating activities	5	16	5
Finance income	7	307	-
Finance costs	7	(116)	(10)
Net finance income/(cost)		191	(10)
Profit/(loss) before tax		207	(5)
Income tax expense	9	(70)	-
Profit/(loss) after tax		137	(5)
Other comprehensive expense after tax			
Total comprehensive income/(loss) after tax		137	(5)

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 9 to 20.

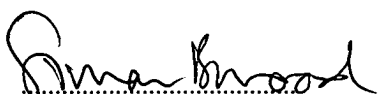
Lendlease CEMEA Investments Limited

Statement of Financial Position as at 30 June 2018

	Note	2018 € 000	2017 € 000
Non current assets			
Trade and other receivables	10	3,204	2,898
Investments	11	475	475
Total non current assets		3,679	3,373
Current assets			
Cash and cash equivalents	12	165	165
Trade and other receivables	10	-	456
Current tax assets		-	2
Total current assets		165	623
Total assets		3,844	3,996
Current liabilities			
Trade and other payables	13	(1,994)	(2,323)
Current tax payable		(39)	-
Total current liabilities		(2,033)	(2,323)
Net assets		1,811	1,673
Equity			
Retained earnings		1,810	1,673
Total equity		1,810	1,673

The notes to and forming part of these financial statements are set out on pages 9 to 20.

These statements were approved by the Board on 4 October 2018 and were signed on its behalf by:



S Burwood

Director

Company Registration Number: 5789389

Lendlease CEMEA Investments Limited

Statement of Changes in Equity for the year ended 30 June 2018

	Share capital € 000	Retained earnings € 000	Total € 000
At 1 July 2016	-	1,678	1,678
Total comprehensive income			
Loss for the year	-	(5)	(5)
Total comprehensive income	-	(5)	(5)
At 30 June 2017	-	1,673	1,673
	Share capital € 000	Retained earnings € 000	Total € 000
At 1 July 2017	-	1,673	1,673
Total comprehensive income			
Profit for the year	-	137	137
Total comprehensive income	-	137	137
At 30 June 2018	-	1,810	1,810

The notes to and forming part of these financial statements are set out on pages 9 to 20.

Lendlease CEMEA Investments Limited

Statement of Cash Flows for the Year Ended 30 June 2018

	Note	2018 € 000	2017 € 000
Cash flows from operating activities			
Profit/(loss) for the year		137	(5)
<i>Adjustments for:</i>			
Finance income	7	(307)	-
Finance costs	7	116	(10)
Income tax expense	9	70	-
		16	(15)
Working capital adjustments			
Decrease in trade and other receivables	10	151	-
(Decrease)/increase in trade and other payables	13	(358)	390
Interest paid		(116)	10
Net cash inflow/(outflow) from operating activities		(307)	385
Cash flows from investing activities			
Interest received	7	307	-
Additional Investments		-	(390)
Net cash inflow/(outflow) from investing activities		307	(390)
Net cash inflow/(outflow) from financing activities		-	-
Net decrease in cash and cash equivalents		-	(5)
Cash and cash equivalents at beginning of year		165	170
Cash and cash equivalents at end of year		165	165

The notes to and forming part of these financial statements are set out on pages 9 to 20.

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018

1 General information

Lendlease CEMEA Investments Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 5789389.

The address of its registered office is:

20 Triton Street

Regent's Place

London

NW1 3BF

United Kingdom

The principal activity is as a provider of project solutions in the construction industry throughout 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 as adopted by the EU ("adopted IFRS").

The financial statements have been prepared in accordance with adopted IFRSs and under the historical cost basis except for the following assets and liabilities, which are stated at their fair value: derivative financial instruments, fair value through profit or loss investments, investment properties, and liabilities for cash settled share based compensation plans.

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 Euros, with all values rounded to the nearest thousand Euros unless otherwise indicated.

These financial statements are the separate financial statements of Lendlease CEMEA 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 17.

Significant accounting policies

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

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

2 Basis of preparation (continued)

Changes in accounting policy

New standards, interpretations and amendments effective

The following standards have been applied for the first time from 1 July 2017:

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets, financial liabilities and hedging. The changes from the implementation have been deemed immaterial and have not had a material effect on the Company's accounting policies for financial assets, liabilities and hedging.

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses

The amendment clarifies that, when an entity assess whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers whether tax law restricts the sources of taxable profits against which it can make deductions on the reversal of that deductible temporary difference.

It also clarifies that the estimate of probable future taxable profit can include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

There was no material financial impact on the Company following the adoption of this amendment.

Disclosure initiative: Amendments to IAS 7 Statement of Cash Flows

The amendment introduces additional disclosure requirements regarding changes in liabilities arising from financing activities. There was no material financial impact on the Company following adoption of this amendment.

New standards, interpretations and amendments not yet effective

The following newly issued but not yet effective standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company financial statements in future:

IFRS 16 Leases

IFRS 16 provides a new model for accounting for leases. The standard becomes mandatory for the June 2020 financial year and will be applied retrospectively. Based on preliminary analysis performed, the Company will record 'right to use' lease assets and lease obligation liabilities in the Statement of Financial Position for its material operating leases and revise the Statement of Profit or Loss presentation of operating lease expense to record an amortisation and finance expense for the 'right to use' lease assets and the lease obligation liabilities, respectively.

Annual Improvements to IFRS Standards 2014–2016 Cycle - IAS 28 Investments in Associates and Joint Ventures

This amendment clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

2 Basis of preparation (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a new five step model for recognising revenue earned from a contract with a customer and will replace IAS 11 Construction Contracts and IAS 18 Revenue. The standard becomes mandatory for the June 2019 financial year and will be applied retrospectively.

On adoption of IFRS 15, the impacts are as follows:

- The process to value and allocate consideration to individual components of revenue transactions will not change;
- Recognition of construction and development services will continue to be over time;
- Recognition of investment management and origination fees will continue to be recognised when services are rendered; and
- The recognition point of development properties will change from the current practice of practical completion to settlement. This will impact the timing of recognition from FY19 onwards.

The new standard will require an increase in the disclosure in relation to revenue derived from contracts, key judgements and future revenue expected to be generated.

Going concern

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

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.

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

3 Accounting policies

Revenue recognition

Revenue from the provision of services

Revenue from the provision of services is recognised in the Statement of Profit or Loss in proportion to the stage of completion of the transactions at the balance sheet date.

For construction, the value of work performed using the percentage complete method is measured by reference to costs incurred to date as a percentage of the total forecast costs for each contract. This measurement is an accounting judgement as management uses judgement to estimate expenses incurred to date as a percentage of total estimated costs.

Other revenue

Other revenue primarily includes dividends, distributions and miscellaneous items. Dividend and distribution revenue is recognised when the right to receive payment is established, usually on declaration of the dividend or distribution.

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, amortisation of discounts or premiums relating to borrowings 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 unless they relate to acquisition and development of qualifying assets. Qualifying assets are assets that take more than six months to prepare for their intended use or sale. Finance costs related to qualifying assets are capitalised.

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 tax. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised directly in other comprehensive income.

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.

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

3 Accounting policies (continued)

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 and qualifying net investment hedges in foreign operations that are recognised in other comprehensive income.

Translation differences on non monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as investments classified as available for sale financial assets, are included in the fair value revaluation reserve in equity.

Investments

Equity investments in subsidiaries, joint ventures and associates 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 six monthly.

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 and are shown as a reduction to the cash balance in the Statement of Cash Flows.

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (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 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.

Retentions receivable on construction contracts represent deposits held by the Company until the satisfaction of conditions specified in the contract are rectified.

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.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

4 Other income

The analysis of the Company's other operating income for the year is as follows:

	2018	2017
	€ 000	€ 000
Miscellaneous other operating income	-	5
Total other income	-	5

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

5 Results from operating activities

Results from operating activities includes the following items:

	2018 € 000	2017 € 000
Foreign exchange gains	16	-

6 Auditors' remuneration

	2018 € 000	2017 € 000
Audit of financial statements	(8)	(6)

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

7 Finance income and costs

	2018 € 000	2017 € 000
Finance income		
Other finance income	307	-
Total finance income	307	-
Finance costs		
Other finance costs	-	(10)
Interest payable to related parties	(116)	-
Total finance costs	(116)	(10)
Net finance income/(costs)	191	(10)

8 Employees

The Company did not employ any staff during the year (2017: nil).

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

9 Taxation

Tax (charged)/credited in the Statement of Profit or Loss

	2018 € 000	2017 € 000
Current tax		
Current year	(39)	-
Adjustments for prior years	(31)	-
Total current tax	(70)	-
Total deferred tax	-	-

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - the same as the standard rate of corporation tax in the UK) of 19% (2017 - 19.75%).

The differences are reconciled below:

	2018 € 000	2017 € 000
Profit/(loss) before tax	207	(5)
Income tax using the domestic corporation tax rate 19% (2017: 19.75%)	(39)	1
Adjustments for prior year tax claim	(31)	-
Total income tax (charge)/credit	(70)	1

The effective rate of taxation will vary as a result of a reduction in the corporate tax rate to 17% (effective 1 April 2020) was 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% (2017: 19.75%). Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current years.

10 Trade and other receivables

	2018 € 000	2017 € 000
Current		
Amounts owing from related parties	-	456
Non current		
Net trade receivables	-	-
Amounts owing from related parties	3,204	2,898
Total trade and other receivables	3,204	3,354

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

11 Investments

	2018 € 000	2017 € 000
Associates	475	475
Total investments	475	475

Associates

Details of the associates as at 30 June 2018 are as follows:

Name of associate	Principal activity	Country of incorporation	Note	Ownership and voting rights %	
				2018	2017
Futura SRL	Construction	Italy	1	19%	19%

Notes - registered addresses:

1. Piazzale Spedali Civili No 1, 25123 Brescia (BS), Italy

12 Cash and cash equivalents

	2018 € 000	2017 € 000
Cash at bank	165	165
Cash and equivalents	165	165

13 Trade and other payables

	2018 € 000	2017 € 000
Current		
Amounts due to related parties	(1,994)	(2,323)
Current trade and other payables	(1,994)	(2,323)
Non current trade and other payables	-	-

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 CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

14 Contingencies

There are outstanding claims and exposures that arise in the normal course of business. There is significant uncertainty as to whether a future liability will arise in respect to these items. The amount of liability, if any, that may arise, cannot be measured reliably at this time. The directors are of the opinion that all known liabilities have been brought to account and that adequate provision has been made for any anticipated losses.

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

Foreign exchange risk

Foreign currency risk is the risk in local currency terms that the value of a financial commitment or a recognised asset or liability will fluctuate due to changes in foreign currency exchange rates. The Company is exposed to foreign currency risk primarily from foreign currency earnings, net investments in foreign operations and transactions settled in foreign currency. The exposure is managed using physical financial instruments, derivative financial instruments (mainly foreign exchange contracts), and contracting out.

Foreign exchange risk sensitivity analysis

At 30 June 2018, it is estimated that a strengthening/weakening of the Euro by 2% would have increased/decreased respectively the Company's profit before tax by approximately €0.4m (2017: €0.7m). There has been no change in method or assumptions from previous periods.

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. The exposure is managed using physical financial instruments, derivative financial instruments (mainly interest rate swaps) and managing to hedging limits in respect of recourse funding as outlined in the Treasury Policy.

Interest rate risk sensitivity analysis

At 30 June 2018, it is estimated that an increase/decrease of 2% in interest rates would have increased/decreased respectively the Company's profit before tax by approximately €1.2m (2017: €0.2m). There has been no change in method or assumptions from previous periods.

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (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.

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 Europe Holdings Limited to meet short term financing needs.

Capital risk management

The Company assesses its capital management model as part of the broader Lendlease Group Board's strategic plan. When investing capital, the Company's objective is to deliver strong shareholder returns and to continue to generate high levels of liquid assets in line with the Lendlease Corporation capital management goals.

The Company actively manages the working capital on a daily basis and operates a strict regime of contract billings and debtor payment cycles to maximise liquidity.

There were no changes to the Company's approach to capital management during the year. The Company is not exposed to externally imposed capital requirements.

16 Related party transactions

16.1 Related party receivables

	2018 € 000	2017 € 000
Associates	<u>3,204</u>	<u>3,353</u>
Total related parties receivables	<u>3,204</u>	<u>3,353</u>

Lendlease CEMEA Investments Limited

Notes to the Financial Statements for the year ended 30 June 2018 (continued)

16 Related party transactions (continued)

16.2 Related party payables

	2018 € 000	2017 € 000
Other related parties	<u>(1,994)</u>	<u>(2,322)</u>
Total related party payables	<u>(1,994)</u>	<u>(2,322)</u>

17 Parent and ultimate parent undertaking

The Company's immediate parent is Lendlease Construction Holdings (Europe) Limited.

The ultimate parent is Lendlease Corporation Limited.

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.

18 Subsequent events

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