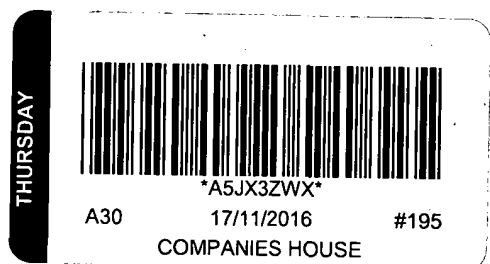


Lendlease Bluewater Limited
(Formerly trading as Lend Lease Bluewater Limited)
Directors' report and financial statements
Registered Number 6551840
For the year ended 30 June 2016



Directors' report and financial statements

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Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2016.

Principal activity and review of the business

On 1 July 2016 the Company changed its name from Lend Lease Bluewater Limited to Lendlease Bluewater Limited.

The principal activity of Lendlease Bluewater Limited (the Company) is an investment company.

Results and dividends

The profit for the year after taxation amounted to £3.6m (2015: £26.9m). The Company did not pay an interim dividend in the year (2015: £404.0m). The directors do not recommend the payment of a final dividend (2015: £nil).

Directors

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

V E Quinlan
R B Boswell

Disclosure of information to the auditor

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

Auditor

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

Political and charitable contributions

The Company made no political or charitable contributions during the year (2015: £nil).

By order of the board



R B Boswell
Director

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

1 November 2016

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Lendlease Bluewater Limited

We have audited the financial statements of Lendlease Bluewater Limited for the year ended 30 June 2016 as set out on pages 4 to 12. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2016 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.

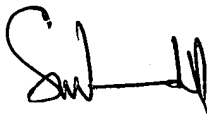
Opinion on other matter prescribed by the Companies Act 2006

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2016

	Note	2016 £000s	2015 £000s
Continuing operations			
Release of provision		2,677	15,343
Loss on sale of investment		-	(452)
Administrative expenses		5	5,103
Operating Profit		2,682	19,994
Finance income	4	1,236	9,117
Finance expense	5	(243)	(368)
Profit before taxation		3,675	28,743
Taxation	6	(90)	(1,815)
Profit for the year		3,585	26,928
Other comprehensive income		-	-
Total comprehensive income for the year		3,585	26,928

The notes to and forming part of these financial statements are set out on pages 8 - 12.

Statement of financial position
as at 30 June 2016

	Note	2016 £000s	2015 £000s
Current assets			
Cash and cash equivalents		2	1,155
Trade and other receivables	7	37,762	40,358
		<u>37,764</u>	<u>41,513</u>
Total assets		<u>37,764</u>	<u>41,513</u>
Current liabilities			
Trade and other payables	8	(2,074)	(6,731)
Provision for liabilities and charges		-	(2,677)
		<u>(2,074)</u>	<u>(9,408)</u>
Total liabilities		<u>(2,074)</u>	<u>(9,408)</u>
Net assets		<u>35,690</u>	<u>32,105</u>
Equity			
Share Capital		-	-
Retained earnings		35,690	32,105
Total equity		<u>35,690</u>	<u>32,105</u>

The notes to and forming part of these financial statements are set out on pages 8 - 12.

These financial statements were approved by the board of directors on 1 November 2016 and were signed on it's behalf by:



R B Boswell
Director

Registered Number : 6551840

Statement of changes in shareholder's equity
for the year ended 30 June 2016

	Share capital £000s	Attributable to shareholder		Total equity £000s
		Share premium £000s	Retained earnings £000s	
Balance at 1 July 2014	300,000	7,935	101,242	409,177
Share Capital and Share Premium Reduction	(300,000)	(7,935)	307,935	-
Dividends Paid	-	-	(404,000)	(404,000)
Profit for the year	-	-	26,928	26,928
Balance at 30 June 2015	-	-	32,105	32,105
Balance at 1 July 2015	-	-	32,105	32,105
Profit for the year	-	-	3,585	3,585
Balance at 30 June 2016	-	-	35,690	35,690

The notes to and forming part of these financial statements are set out on pages 8 - 12.

Cash Flow Statement
for the year ended 30 June 2016

	2016 £000s	2015 £000s
Cash flows from operating activities		
Profit for the year	3,585	26,928
<i>Adjustments for:</i>		
Loss from the sale of investment	-	452
Release of provision	(2,677)	(15,343)
Finance income	(1,236)	(9,117)
Finance expense	243	368
Taxation	90	1,815
	<u>5</u>	<u>5,103</u>
 Decrease / (increase) in trade and other receivables	 2,596	 (18,408)
(Decrease) / increase in trade and other payables	(4,747)	396,548
Net cash (used in)/from operating activities	<u>(2,146)</u>	<u>383,243</u>
 Cash flow from investing activities		
Payment related to the sale of Bluewater	-	(452)
Net cash from investing activities	<u>-</u>	<u>(452)</u>
 Cash flow from financing activities		
Interest received	1,236	9,117
Interest paid	(243)	(368)
Dividends paid	-	(404,000)
Net cash from / (used in) financing activities	<u>993</u>	<u>(395,251)</u>
 Increase in cash and cash equivalents		
Net increase in cash and cash equivalents	(1,153)	(9,783)
Cash and cash equivalents at 1 July	1,155	10,938
Cash and cash equivalents at 30 June	<u><u>2</u></u>	<u><u>1,155</u></u>

The notes to and forming part of these financial statements are set out on pages 8 - 12.

Notes to the financial statements

1 Accounting policies

Lendlease Bluewater Limited (the "Company") is a company incorporated in the UK. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union ("Adopted IFRSs") and with those parts of the Companies Act 2006, applicable to companies reporting under IFRS.

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

Net financing costs

Net financing costs comprise interest payable and interest receivable on funds invested, that are recognised in the statement of comprehensive income.

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

Trade and other receivables

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

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes to the financial statements (continued)

Critical judgements in applying the entity's accounting policies

The preparation of the financial statements under IFRS requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may therefore differ from these estimates and assumptions.

As at the balance sheet date, there were no assets or liabilities held for which changes in their underlying assumptions are expected to result in a material change in their carrying values within the next financial year.

New standards and interpretations not yet adopted

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

- IFRS 9 Financial Instruments (on or after 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (on or after 1 January 2018).
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (on or after 1 January 2016).
- Annual Improvements to IFRSs - 2012-2014 Cycle (effective date to be confirmed).
- Disclosure Initiative - Amendments to IAS 1 (effective date to be confirmed).

2 Directors' remuneration and employees

Any qualifying services in respect of the Company are considered to be incidental and part of these directors' overall management responsibilities within Lendlease Europe Limited. Their remuneration for the current year and prior year was paid by and included in the financial statements of this company.

The Company did not employ any staff during the year (2015: £nil).

3 Auditor's remuneration

	2016 £000s	2015 £000s
Paid by another group company	<u>11</u>	<u>9</u>

4 Finance income

	2016 £000s	2015 £000s
Interest income on amounts owed by group undertakings	<u>1,236</u>	<u>9,117</u>

5 Finance expense

	2016 £000s	2015 £000s
Interest expense on amounts due to group undertakings	<u>(243)</u>	<u>(368)</u>

Notes to the financial statements (continued)

6 Taxation

(a) Recognised in the Statement of profit or loss and other comprehensive income

	2016 £000s	2015 £000s
Current tax		
Current year	(199)	(1,815)
Prior year adjustment	109	-
Total tax in statement of profit or loss and other comprehensive income	(90)	(1,815)

(b) Reconciliation of effective tax rate

The tax assessed differs from the application of the standard rate of corporation tax in the UK 2016: 20% (2015: 20.75%) to the Company's accounting loss before taxation for the following reasons:

	2016 £000s	2015 £000s
Profit on ordinary activities before tax	3,675	28,743
Tax using the UK corporation tax rate of 20% (2015: 20.75%)	(735)	(5,964)
Non taxable income	536	4,149
Adjustments in respect of previous periods	109	-
Total tax charge in statement of comprehensive income	(90)	(1,815)

(c) Factors that may affect future tax charges

The effective rate of taxation will vary as a result of any dividends paid by subsidiaries, overseas tax rates and the utilisation of tax losses brought forward.

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

7 Trade and other receivables

	2016 £000s	2015 £000s
Trade Receivables from related parties	37,762	40,358
	37,762	40,358

8 Trade & other payables

	2016 £000s	2015 £000s
Trade Payables to related parties	(145)	(6,211)
Other payables and accrued expenses	(25)	(520)
Group relief payable	(1,904)	-
	(2,074)	(6,731)

Notes to the financial statements (continued)

9 Related Party Disclosures

Related party amounts (payable) / receivable by Lendlease Bluewater Limited at balance sheet date are as follows:

	2016 £000s	2015 £000s
Related party receivables		
Lendlease Europe Limited	32,752	40,358
Lendlease Construction (Europe) Limited	4,999	-
Lendlease Europe Holdings Limited	11	-
	<u>37,762</u>	<u>40,358</u>
Related party payables		
Lendlease Europe Limited	(145)	(6,211)
	<u>(145)</u>	<u>(6,211)</u>

During the year interest was paid and received at LIBOR plus 2.45% on outstanding related party balances.

10 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 Lendlease 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 Lendlease 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 exposure

The Company's policy is to manage interest rate risk that impacts directly on the Company's assets and liabilities. At 30 June 2016, it is estimated that an increase of one percentage point in interest rate would have increased the Company's profit before tax by £0.4m (2015; decrease of £0.1m).

Notes to the financial statements (continued)

- 11 Ultimate parent company and parent undertaking of larger group of which the Company is a member**
The Company's immediate parent undertaking is Lendlease Europe Limited, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Lendlease Corporation Limited, Level 14 Tower Three, International Towers Sydney, Exchange Place, 300 Barangaroo Avenue, Barangaroo NSW 2000, a company incorporated in Australia. The largest group in which the results of the Company are consolidated is that headed by Lendlease Corporation Limited. The consolidated financial statements of that group may be obtained from www.lendlease.com.
The smallest group in which the results of the Company are consolidated is headed by Lendlease Europe Holdings Limited. The consolidated financial statements of that group may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff.