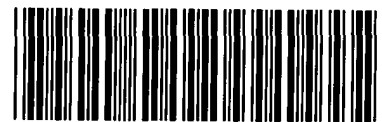


**Lendlease Bluewater Limited**  
**Directors' report and financial statements**  
For the year ended 30 June 2017  
Registered Number 6551840

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## **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 2017.

### Principal activity and review of the business

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 £0.9m (2016: £3.6m). The Company did not pay an interim dividend in the year (£nil). The directors do not recommend the payment of a final dividend (2016: £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 (2016: £nil).

By order of the board



R B Boswell

Director

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

28 September 2017

## **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 its profit or loss for that period. In preparing each of the 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 Bluewater Limited**

### **Opinion**

We have audited the financial statements of Lendlease Bluewater Limited ("the Company") for the year ended 30 June 2017 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in shareholder's equity, cash flow statement and related notes, including the summary of significant accounting policies and other explanatory information.

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.

### **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 by the company, 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.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their 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; 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; 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.

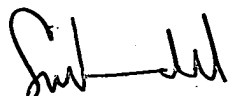
**Auditor's responsibilities**

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



**Stephen Wardell**

**(Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square, London, E14 5GL

2 October 2017

**Statement of profit or loss and other comprehensive income**  
*for the year ended 30 June 2017*

	Note	2017 £000s	2016 £000s
<b>Continuing operations</b>			
Release of provision		-	2,677
Administrative expenses		51	5
<b>Operating Profit</b>		<u>51</u>	<u>2,682</u>
Finance income	4	1,148	1,236
Finance expense	5	(21)	(243)
<b>Profit before taxation</b>		<u>1,178</u>	<u>3,675</u>
Taxation	6	(233)	(90)
<b>Profit for the year</b>		<u>945</u>	<u>3,585</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>945</u>	<u>3,585</u>

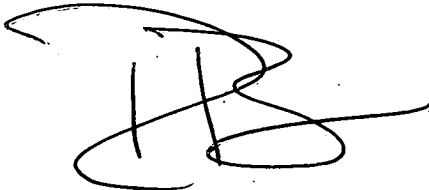
The notes to and forming part of these financial statements are set out on pages 9 - 13.

**Statement of financial position  
as at 30 June 2017**

	<b>Note</b>	<b>2017 £000s</b>	<b>2016 £000s</b>
<b>Current assets</b>			
Cash and cash equivalents		-	2
Trade and other receivables	7	38,810	37,762
		<u>38,810</u>	<u>37,764</u>
<b>Total assets</b>		<u>38,810</u>	<u>37,764</u>
<b>Current liabilities</b>			
Trade and other payables	8	(2,175)	(2,074)
		<u>(2,175)</u>	<u>(2,074)</u>
<b>Total liabilities</b>		<u>(2,175)</u>	<u>(2,074)</u>
<b>Net assets</b>		<u>36,635</u>	<u>35,690</u>
<b>Equity</b>			
Retained earnings		36,635	35,690
<b>Total equity</b>		<u>36,635</u>	<u>35,690</u>

The notes to and forming part of these financial statements are set out on pages 9 - 13.

These financial statements were approved by the board of directors on 28 September 2017 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 2017**

	<b>Attributable to shareholder</b>	
	<b>Retained earnings £000s</b>	<b>Total equity £000s</b>
Balance at 1 July 2015	32,105	32,105
Profit for the year	3,585	3,585
<b>Balance at 30 June 2016</b>	<b>35,690</b>	<b>35,690</b>
Balance at 1 July 2016	35,690	35,690
Profit for the year	945	945
<b>Balance at 30 June 2017</b>	<b>36,635</b>	<b>36,635</b>

The notes to and forming part of these financial statements are set out on pages 9 - 13.

**Cash Flow Statement**  
for the year ended 30 June 2017

	2017 £000s	2016 £000s
<b>Cash flows from operating activities</b>		
Profit for the year	945	3,585
<i>Adjustments for:</i>		
Release of provision	-	(2,677)
Finance income	(1,148)	(1,236)
Finance expense	21	243
Taxation	233	90
	<u>51</u>	<u>5</u>
 (Increase)/decrease in trade and other receivables	 (1,048)	 2,596
(Decrease) in trade and other payables	<u>(132)</u>	<u>(4,747)</u>
<b>Net cash (used in) operating activities</b>	<u>(1,129)</u>	<u>(2,146)</u>
 <b>Cash flow from investing activities</b>		
<b>Net cash from investing activities</b>	<u>-</u>	<u>-</u>
 <b>Cash flow from financing activities</b>		
Interest received	1,148	1,236
Interest paid	(21)	(243)
<b>Net cash from financing activities</b>	<u>1,127</u>	<u>993</u>
 <b>Increase in cash and cash equivalents</b>		
Net decrease in cash and cash equivalents	(2)	(1,153)
Cash and cash equivalents at 1 July	<u>2</u>	<u>1,155</u>
<b>Cash and cash equivalents at 30 June</b>	<u>-</u>	<u>2</u>

The notes to and forming part of these financial statements are set out on pages 9 - 13.

## Notes to the financial statements

### 1 Accounting policies

Landlease Bluestar 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 IFRS") 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 (2016: £nil).

**3 Auditor's remuneration**

	2017 £000s	2016 £000s
Paid by another group company	<u>9</u>	<u>11</u>

**4 Finance income**

	2017 £000s	2016 £000s
Interest income on amounts owed by group undertakings	<u>1,148</u>	<u>1,236</u>

**5 Finance expense**

	2017 £000s	2016 £000s
Interest expense on amounts due to group undertakings	<u>(21)</u>	<u>(243)</u>

Notes to the financial statements (continued)

**6 Taxation**

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

	2017 £000s	2016 £000s
Current tax		
Current year	(233)	(199)
Prior year adjustment	-	109
Total tax in statement of profit or loss and other comprehensive income	<u>(233)</u>	<u>(90)</u>

**(b) Reconciliation of effective tax rate**

The tax assessed differs from the application of the standard rate of corporation tax in the UK 2017: 19.75% (2016: 20.00%) to the Company's accounting loss before taxation for the following reasons:

	2017 £000s	2016 £000s
Profit on ordinary activities before tax	<u>1,178</u>	<u>3,675</u>
Tax using the UK corporation tax rate of 19.75% (2016: 20.00%)	(233)	(735)
Non taxable income	-	536
Adjustments in respect of previous periods	-	109
Total tax charge in statement of comprehensive income	<u>(233)</u>	<u>(90)</u>

**(c) Factors that may affect future tax charges**

A reduction in the corporate tax rate to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was enacted on 15 September 2016. This will reduce the company's future current tax charge accordingly. Accordingly, the Company's profits for the accounting period are taxed at a statutory rate of 19.75% (2016: 20%).

**7 Trade and other receivables**

	2017 £000s	2016 £000s
Trade Receivables from related parties	<u>38,810</u>	<u>37,762</u>
	<u>38,810</u>	<u>37,762</u>

**8 Trade & other payables**

	2017 £000s	2016 £000s
Trade Payables to related parties	(1,744)	(145)
Other payables and accrued expenses	-	(25)
Group relief payable	<u>(432)</u>	<u>(1,904)</u>
	<u>(2,175)</u>	<u>(2,074)</u>

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:

	2017 £000s	2016 £000s
<b>Related party receivables</b>		
Lendlease Europe Limited	38,809	32,752
Lendlease Construction (Europe) Limited	-	4,999
Lendlease Europe Holdings Limited	-	11
Lendlease Europe Finance Plc	1	-
	<u>38,810</u>	<u>37,762</u>
<b>Related party payables</b>		
Lendlease Europe Limited	-	(145)
Lendlease Europe Holdings Limited	(1,727)	-
Lendlease Real Estate Investment Services Limited	(17)	-
	<u>(1,744)</u>	<u>(145)</u>
<b>Expenses from group undertakings</b>		
Management fees paid to Lendlease Real Estate Investment Services Limited	(16)	-
Interest paid to Lendlease Europe Holdings Limited	(21)	(243)
	<u>(37)</u>	<u>(243)</u>
<b>Income from group undertakings</b>		
Interest received from Lendlease Europe Limited	1,148	1,214
Interest received from Lendlease Europe Holdings Limited	-	22
	<u>1,148</u>	<u>1,236</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 2017, it is estimated that an increase of one percentage point in interest rate would have increased the Company's profit before tax by £0.5m (2016: increase of £0.4m).

**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](http://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.