

Lendlease PFI/PPP Infrastructure Fund Investor Limited

(Formerly trading as Lend Lease PFI/PPP Infrastructure Fund Investor Limited)

Directors' report and financial statements

Registered Number 7438435

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 activities and review of the business

Lendlease PFI/PPP Infrastructure Fund Investor Limited ("the Company") was incorporated on 12 November 2010.

On 1 July 2016 the Company changed its name from Lend Lease PFI/PPP Infrastructure Fund Investor Limited to Lendlease PFI/PPP Infrastructure Fund Investor Limited.

The principal activity of Lendlease PFI/PPP Infrastructure Fund Investor Limited is to hold investments.

The Company is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 20 Triton Street, Regent's Place, London, NW1 3BF.

Results and dividends

The profit for the year after taxation amounted to £7.4m (2015: £4.4m). The directors do not recommend the payment of a dividend (2015: £nil).

Directors

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

R Boswell (appointed 1 July 2014)
T Mackellar (appointed 4 November 2016)
M Packer (appointed 4 November 2016)
G Scott (resigned 4 November 2016)
N M Johnson (resigned 12 November 2015)

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 Boswell
Director
20 Triton Street
Regents Place, London
NW1 3BF

28 March 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 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 PFI/PPP Infrastructure Fund Investor Limited

We have audited the financial statements of Lendlease PFI/PPP Infrastructure Fund Investor Limited for the year ended 30 June 2016 as set out on pages 4 - 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 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.

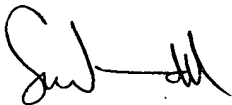
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report, 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
30 March 2017

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

	Note	2016 £	2015 £
Revenue		27,542	477,262
Administrative expenses		(322,434)	(362,953)
Operating (loss) / profit		(294,892)	114,309
Other income	4	9,171,625	4,521,039
Finance income	5	365,526	58,137
Finance expense	6	(46,484)	(39,128)
Profit before taxation		9,195,775	4,654,357
Taxation	7	(1,810,985)	(295,753)
Profit after taxation		7,384,790	4,358,604
Other comprehensive income		-	-
Total comprehensive income for the year		7,384,790	4,358,604

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

Statement of financial position

as at 30 June 2016

	Note	2016 £	2015 £
Non current assets			
Investments	8	<u> </u>	<u>2,100,000</u>
			<u>2,100,000</u>
Current assets			
Cash and cash equivalents		361,883	12,452,629
Trade and other receivables	9	<u>24,097,145</u>	<u>280,825</u>
		<u>24,459,028</u>	<u>12,733,454</u>
Total assets		<u>24,459,028</u>	<u>14,833,454</u>
Current liabilities			
Trade and other payables	10	<u>(3,917,334)</u>	<u>(1,676,550)</u>
Total liabilities		<u>(3,917,334)</u>	<u>(1,676,550)</u>
Net assets		<u>20,541,694</u>	<u>13,156,904</u>
Equity			
Share Capital	11	6,700,000	6,700,000
Retained earnings		<u>13,841,694</u>	<u>6,456,904</u>
Total equity		<u>20,541,694</u>	<u>13,156,904</u>

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

These financial statements were approved by the board of directors on 28 March 2017 and were signed on it's behalf by:



R Boswell
 Director

Registered Number : 7438435

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

	Attributable to shareholder		
	Share capital £	Retained earnings £	Total equity £
Balance at 1 July 2014	6,700,000	2,098,300	8,798,300
Profit for the year	-	4,358,604	4,358,604
Balance at 30 June 2015	6,700,000	6,456,904	13,156,904
Balance at 1 July 2015	6,700,000	6,456,904	13,156,904
Profit for the year	-	7,384,790	7,384,790
Balance at 30 June 2016	6,700,000	13,841,694	20,541,694

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

Cash Flow Statement
 for the year ended 30 June 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the year	7,384,790	4,358,604
<i>Adjustments for:</i>		
Profit on disposal of asset	(8,500,984)	(4,521,039)
Dividends	(670,641)	-
Finance income	(365,526)	(58,137)
Finance expense	46,484	39,128
Taxation	1,810,985	295,753
	<u>(294,892)</u>	<u>114,309</u>
(Increase) / decrease in trade and other receivables	(23,816,320)	405,563
Increase / (decrease) in trade and other payables	429,799	(174,214)
Net cash (used in) / from operating activities	<u>(23,681,413)</u>	<u>345,658</u>
Cash flow from investing activities		
Proceeds from disposal	10,600,984	18,434,825
Dividends received	670,641	-
Interest received	365,526	58,137
Net cash from investing activities	<u>11,637,151</u>	<u>18,492,962</u>
Cash flow from financing activities		
Repayment of intercompany loan	-	(8,125,802)
Interest paid	(46,484)	-
Net cash from financing activities	<u>(46,484)</u>	<u>(8,125,802)</u>
(Decrease) / increase in cash and cash equivalents	<u>(12,090,746)</u>	<u>10,712,818</u>
Cash and cash equivalents at 1 July	12,452,629	1,739,811
Cash and cash equivalents at 30 June	<u>361,883</u>	<u>12,452,629</u>

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

Notes to the financial statements

1 Accounting policies

Lendlease PFI/PPP Infrastructure Fund Investor 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 Company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Revenue

Revenue is stated net of value added tax and is derived from distributions from the Lendlease PFI/PPP Infrastructure Fund Partnership.

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.

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.

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.

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 other than deferred tax assets 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).

Notes to the financial statements (continued)

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 & Lendlease Development (Europe) Limited. Their remuneration for the current year and prior year was paid by and included in the financial statements of these companies.

The Company had no employees in the year (2015: nil).

3 Auditor's remuneration

Auditors remuneration paid in the year

2016	2015
£	£
6,049	4,300

4 Other income

Profit from sale of investment
Distributions received

2016	2015
£	£
8,500,984	4,521,039
670,641	-
9,171,625	4,521,039

5 Finance income

Interest income
Interest income from group undertakings

2016	2015
£	£
161	58,137
365,365	-
365,526	58,137

6 Finance expense

Interest expense on amounts due to group undertakings

2016	2015
£	£
(46,484)	(39,128)

7 Taxation

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

Current tax
Current year
Prior year adjustment

2016	2015
£	£
(1,843,985)	(295,753)
-	-
(1,843,985)	(295,753)

Deferred tax
Prior year adjustment

2016	2015
£	£
33,000	-
(1,810,985)	(295,753)

Total tax in Statement of profit or loss and other comprehensive income

2016	2015
£	£
(1,810,985)	(295,753)

(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:

Profit on ordinary activities before taxation.

2016	2015
£	£
9,195,775	4,654,357

Tax using the UK corporation tax rate of 20% (2015: 20.75%)

2016	2015
£	£
(1,839,155)	(965,779)

Tax exempt revenues

2016	2015
£	£
-	(5,136)

Adjustments in respect of previous periods

2016	2015
£	£
33,000	-

Non deductible expenses

2016	2015
£	£
5,194	(63,021)

Amounts not recognised

2016	2015
£	£
(10,024)	-

Capital gains not taxable

2016	2015
£	£
-	738,183

Total tax charge in statement of comprehensive income

2016	2015
£	£
(1,810,985)	(295,753)

Notes to the financial statements (continued)

7 Taxation (continued)

(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%)

8 Investments in group companies and associate undertakings

	2016 £	2015 £
At cost		
Investment in Treasure PFI/PPP Infrastructure Investor Limited Partnership	-	2,100,000
Total investments in group companies and associate undertakings	-	2,100,000

On 19 January 2016 the Company sold its 1% effective share in the Treasure PFI/PPP Infrastructure Investor Limited Partnership to PPD Assetco Limited.

9 Trade and other receivables

	2016 £	2015 £
Trade receivables from related parties	24,096,025	
Other receivables	1,120	280,825
	<u>24,097,145</u>	<u>280,825</u>

10 Trade and other payables

	2016 £	2015 £
Trade payables to related parties	(1,952,242)	(1,608,655)
Other payables and accrued expenses	(25,287)	(3,510)
Group relief payable	(1,939,805)	(64,385)
	<u>(3,917,334)</u>	<u>(1,676,550)</u>

11 Share Capital

	2016 £	2015 £
Allotted, called up and fully paid		
6,700,000 ordinary shares of £1 (2015: 6,700,000 ordinary share of £1 each)	6,700,000	6,700,000
	<u>6,700,000</u>	<u>6,700,000</u>

12 Related Party Disclosures

Related party amounts (payable) / receivable by Lendlease PFI/PPP Infrastructure Fund Investor Limited at balance sheet date are as follows:

	2016 £	2015 £
Related party receivables		
Lendlease Europe Holdings Limited	23,750,181	-
Lendlease Europe Finance Plc	345,844	-
	<u>24,096,025</u>	
Related party payables		
Lendlease Europe Limited	(1,449,468)	(1,408,723)
Lendlease Real Estate Investment Services Limited	(297,105)	-
Lendlease Chelmsford Meadows Limited	(205,669)	(199,932)
Lendlease Performance Retail Limited	-	-
	<u>(1,952,242)</u>	<u>(1,608,655)</u>

Notes to the financial statements (continued)

12 Related Party Disclosures (continued)

	2016 £	2015 £
Expenses from group undertakings		
Management fees paid to Lendlease Real Estate Investment Services Limited	(184,568)	-
Interest paid to Lendlease Chelmsford Meadows Limited	(5,737)	-
Interest paid to Lendlease Europe Limited	<u>(40,747)</u>	<u>(38,730)</u>
Income from group undertakings		
Interest received from Lendlease Europe Holdings Limited	357,357	-
Interest received from Lendlease Europe Finance Plc	<u>8,008</u>	<u>-</u>

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

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 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 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 2016, it is estimated that an increase of one percentage point in interest rate would have increased the Company's profit before tax by approximately £107,782 (2015: increased the Company's profit before tax by approximately £13,092).

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

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

The Company is a subsidiary undertaking of Lendlease Europe Limited, a company registered in England and Wales. Its ultimate parent undertaking 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.