

Lend Lease US Investments Limited

Directors' report and financial statements

30 June 2008

Registered number 3365708

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Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2008.

Principal activities

The principal activity of Lend Lease US Investments Limited is to hold investments.

Results and dividends

The profit for the year amounted to £63 (2007: £nil). The directors do not recommend the payment of a dividend (2007: £nil).

Directors

The directors of the company during and after the year were as follows:

RG Caven	
CS Matheson	(resigned 23 July 2007)
TW Lee	(resigned 28 March 2008)
D Nicklin	(appointed 23 July 2007)
GJ Scott	(appointed 28 March 2008)

Subsequent to the year end RG Caven resigned as a director on the 11th July 2008.

Policy and practice on payment of creditors

The company seeks to agree terms with its suppliers when it commits to expenditure and seeks to adhere to them provided goods are supplied in accordance with agreed terms and conditions.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2007: £nil).

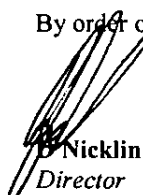
Statement as to disclosure of information to auditors

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 auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


D Nicklin
Director

142 Northolt Road
Harrow, Middlesex, HA2 0EE
17 February 2009

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.

The financial statements are required by law to present fairly the financial position and the performance of the Company; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 proper accounting records that 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 1985. 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.

KPMG LLP

8 Salisbury Square
London
United Kingdom
EC4Y 8BB

Independent auditors' report to the members of Lend Lease US Investments Limited

We have audited the financial statements of Lend Lease US Investments Limited for the year ended 30 June 2008 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Lend Lease US Investments Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 30 June 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

17/2/ 2009

Income statement

for the year ended 30 June 2008

	<i>Note</i>	2008	2007
Finance income	4	89	
Profit on ordinary activities before taxation		<u>89</u>	<u>-</u>
Taxation	5	(26)	-
Profit on ordinary activities after taxation		<u>63</u>	<u>-</u>

All activities are continuing.

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

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

The notes to and forming part of the financial statements are set out on pages 9 to 14.

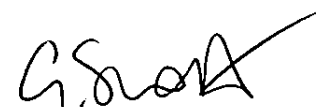
Balance sheet

at 30 June 2008

	Note	2008 £	2007 £
Current assets			
Trade and other receivables	6	116,918,938	116,922,850
Total assets		116,918,938	116,922,850
Current liabilities			
Trade and other payables	7	(2,380,194)	(2,384,169)
		(2,380,194)	(2,384,169)
Non current liabilities			
Financial liabilities	8	(120,000,000)	(120,000,000)
		(120,000,000)	(120,000,000)
Total liabilities		(122,380,194)	(122,384,169)
Net liabilities		(5,461,256)	(5,461,319)
Capital and reserves			
Called up share capital	9	1	1
Retained earnings		(5,461,257)	(5,461,320)
Shareholders' deficit		(5,461,256)	(5,461,319)

The notes to and forming part of these financial statements are set out on pages 9 to 14.

These financial statements were approved by the board of directors on 17 Feb 2009 and were signed on its behalf by:



GJ Scott
Director



J Nicklin
Director

Statement of changes in equity
for the year ended 30 June 2008

	Share capital	Attributable to shareholders		Total equity
		Retained earnings	Revaluation reserve	
	£	£	£	£
Balance at 1 July 2006	1	(5,461,320)	-	5,461,319
Retained profit for the year	-	-	-	-
Balance at 30 June 2007	1	(5,461,320)	-	(5,461,319)
Balance at 1 July 2007	1	(5,461,320)	-	(5,461,319)
Retained profit for the year	-	63	-	63
Balance at 30 June 2008	1	(5,461,257)	-	(5,461,256)

Cash flow statement

for the year ended 30 June 2008

	2008	2007
	£	£
Cash flows from operating activities		
Profit for the year	63	-
Taxation	26	-
Finance income	-	-
Operating profit before changes in working capital	89	-
Decrease in trade and other receivables	3,912	-
Decrease in trade and other payables	(3,975)	-
Income tax paid	(26)	-
Net cash from operating activities	-	-
Financing activities		
Drawdown of intercompany borrowing	-	30,444,724
Repayment of intercompany borrowing	-	(30,444,724)
Net cash from financing activities	-	-
Increase in cash and cash equivalents		
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at 1 July	-	-
Cash and cash equivalents at 30 June	-	-

Notes to the financial statements

I Accounting policies

Lend Lease US Investments Limited is a company incorporated in the UK.

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

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

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependant for its working capital on funds provided to it by Lend Lease Europe Holdings Limited, the company's ultimate UK undertaking. Lend Lease 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 that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include adjustments that would result in the basis of preparation being inappropriate.

Revenue

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

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Net financing costs

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

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

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Notes to the financial statements (*continued*)

1 Accounting policies (*continued*)

Taxation

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

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

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

Key estimates and judgements

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

The most relevant to the company is in relation to provisions amount receivable.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2008, and have not been applied in preparing these financial statements.

- IFRIC 12 Service Concession agreements: applicable for years commencing on or after 1 January 2008. This interpretation relates to the accounting for service concession operators, but not grantors, for public to private service concession arrangements.
- IFRIC 13 Customer Loyalty Programmes: applicable for years commencing on or after 1 July 2008, but has not yet been endorsed for use in the EU. The interpretation addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services.
- IFRS 8 Operating Segments: applicable for years commencing on or after 1 January 2009. The standard introduces the "management approach" to segment reporting where presentation and disclosure of segment information is based on the internal reports regularly reviewed by the Company's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them.
- Revised IAS 23 Borrowing Costs: applicable for years commencing on or after 1 January 2009. The standard removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Notes to the financial statements *(continued)*

1 Accounting policies (continued)

- Revised IAS 1 Presentation of Financial Statements: applicable for years commencing on or after 1 January 2009, but has not yet been endorsed for use in the EU. The standard introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation: applicable for years commencing on or after 1 January 2009. The standard requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

2 Directors and employees

The directors did not receive any emoluments in respect of their services to the company (2007: £nil).

The company did not employ any staff during the year (2007: nil).

3 Auditor's remuneration

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

The directors estimate the fee attributable to the company is £2,300 (2007: £2,300)

4 Financial income

	2008	2007
	£	£
Other interest	89	-
	<u> </u>	<u> </u>

Notes to the financial Statements *(continued)*

5 Taxation

a) Analysis of tax charge for the year

	2008	2007
	£	£
United Kingdom corporation tax at 29.5% (2007: 30%)	26	-

The above tax calculation is an estimate prepared at the time of signing the financial statements. Any adjustments subsequently agreed with the Inland Revenue will be reflected in the financial statements for the period in which such agreement is reached.

There is no unprovided deferred tax.

b) Factors affecting tax charge for the year

The tax assessed agrees to the application of the standard rate of corporation tax in the UK (2008: 29.5%, 2007: 30%) to the company's profit before taxation.

	2008	2007
	£	£
Profit on ordinary activities before tax	89	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK (2008: 29.5%, 2007: 30%)	26	-

c) Factors that may affect future tax charges

The effective rate of taxation will vary as a result of any dividends paid by shareholders, overseas tax rates and the utilisation of tax losses brought forward. On 26 June 2007 the UK government passed the 2007 Finance Act which changed the prevailing rate of corporation tax from 30% to 28% from 1 April 2008.

6 Trade and other receivables

	2008	2007
	£	£
Amounts owed by group undertakings:		
- Lend Lease Europe Holdings Limited	113,948,573	113,948,573
- Lend Lease Real Estate Investments Inc	2,380,194	2,384,169
- Lend Lease Europe Limited	590,171	590,108
	<u>116,918,938</u>	<u>116,922,850</u>

7 Trade and other payables

	2008	2007
	£	£
Amounts owed to group undertakings:		
- Lend Lease Europe Holdings Limited	2,380,194	2,384,169

Notes to the financial Statements (*continued*)

8 Financial liabilities

Non current

	2008 £	2007 £
Liability component of preference shares		
• Lend Lease Europe Holdings Limited	120,000,000	120,000,000

The preference shares are redeemable at the option of the shareholder or the company for a period of 20 years from the date of issue. The shares were issued as part of a simultaneous settlement transaction to restructure the group's investment in the Bovis Lend Lease US subsidiaries.

The preference shares carry a fixed cumulative preferential dividend of LIBOR plus 2 per cent on the nominal value of each share, payable annually in arrears out of the profits available for distribution. At 30 June 2008 there were no profits available for distribution. On a winding up of the company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, an amount equal to the aggregate of the nominal value of the shares together with any accruals of the preferential dividend in respect of those shares.

The preference shares do not carry the right to vote at general meetings of the company.

9 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
250,000,000 ordinary shares of £1	250,000,000	250,000,000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1

10 Financing Arrangements and Financial Instruments

Fair values of financial assets and liabilities – on balance sheet

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

Financial Instruments - Credit Risk

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

Financial Instruments - 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 Company's objective is to maintain the efficient use of cash and debt facilities in order to minimise the cost of borrowing to the Company and ensure sufficient availability of credit facilities.

Notes to the financial Statements (*continued*)

10 Financing Arrangements and Financial Instruments (continued)

Financial Instruments - 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 on its cash at bank balance.

Sensitivity Analysis

At 30 June 2008, it is estimated that an increase of one percentage point in interest rates would have increased the Company's profit before tax by approximately £12 (2007: £nil).

11 Subsequent events

There have been no significant post balance sheet events.

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

The company is a subsidiary undertaking of Lend Lease Europe Holdings Limited, which is registered in England and Wales. Its ultimate parent undertaking is Lend Lease Corporation Limited, which is incorporated in Australia.

The largest group in which the results of the company are consolidated is that headed by Lend Lease Corporation Limited. The consolidated financial statements of that group may be obtained from www.lendlease.com.au.

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

13 Related Party Disclosures

At the year end the company was owed £113,948,573 (2007: 113,948,573) by Lend Lease Europe Holdings Limited a parent company. At the year end it also owed Lend Lease Europe Holdings Limited £2,380,194 (2007: 2,384,169), current payable, and £120,000,000 (2007: £120,000,000), non current payable.

At the year end the company was owed £2,380,194 (2007: £2,384,169) by Lend Lease Real Estate Investments Inc, a fellow subsidiary.

At the year end the company was owed £590,171 (2007: £590,108) by Lend Lease Europe Limited, a fellow subsidiary.