

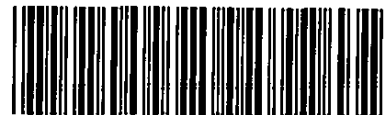
QATARI DIAR UK LIMITED

Directors' report and financial
statements

Registered number 06569590

For the year ended 31 December 2010

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Directors' report

The directors of Qatari Diar UK Limited present their directors' report and financial statements for the year ended 31 December 2010

Principal activities and review of the business

The company's principal activity is to act as a market research advisor focusing on existing and potential investment opportunities of Qatari Diar Real Estate Investment Company and to provide supervisory and administrative services to group companies within the United Kingdom

Results and dividends

The profit for the year dealt within the financial statements is £5,748,825 (2009 loss of £2,921,860)

The directors are satisfied with the financial performance and the position of the company for the year ended 31 December 2010

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2010 (2009 £nil)

Directors

The following directors have held office during the financial year

John Philip Wallace	
Ghanim Bin Saad Al-Saad	(resigned on 4 January 2011)
Ahmed Al Mazroei	(resigned on 4 January 2011)
Mohammed Bin Ali Al Hedfa	(appointed on 4 January 2011)
Yousuf Ahmad Hassan Al-Hammadi	(appointed on 4 January 2011)

Political and charitable contributions

The company made no charitable donations or incurred any political expenditure during the year (2009 £nil)


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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

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

By order of the board

A handwritten signature in black ink, consisting of a large, stylized loop on the left and a long horizontal line extending to the right.

John Philip Wallace
Director

Date 20/4/11

77 Grosvenor Street
London
W1K 3JR
United Kingdom

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 judgements 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG LLP

Report of the independent auditors to the shareholder of Qatari Diar UK Limited

We have audited the financial statements of Qatari Diar UK Limited for the year ended 31 December 2010 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the 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 opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 (APB'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 APB's web-site at www.trc.org.uk/apb/scope/private.cfm

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 31 December 2010 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 matters 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



WEJ Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square

London E14 5GL

Date *20 April 2011*

Statement of Comprehensive Income
For the year ended 31 December 2010

	Note	2010 £	2009 £
Revenue	1,2	10,860,124	-
Cost of sales		(4,868,146)	-
Gross profit		5,991,978	-
Administrative expenses		(57,628)	(3,743,700)
Operating profit / (loss)	3	5,934,350	(3,743,700)
Net finance income		-	6,143
Net foreign exchange (loss) / gain	6	(337,695)	815,697
Net financing (expenses) / income		(337,695)	821,840
Profit / (loss) before tax		5,596,655	(2,921,860)
Taxation	7	152,170	-
Profit / (loss) for the year		5,748,825	(2,921,860)
Other comprehensive income		-	-
Total comprehensive income for the year		5,748,825	(2,921,860)

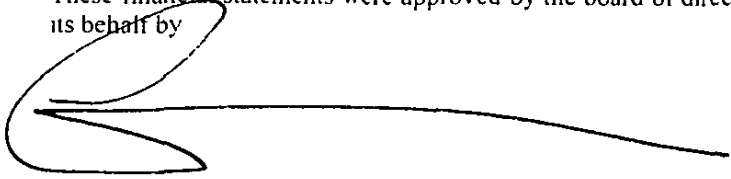
The results of the company are derived entirely from continuing activities. There was no income and expense for the current financial year other than that reported in the statement of comprehensive income.

Pages from 10 to 17 form a part of the Notes to the Financial Statements.

Balance Sheet
As at 31 December 2010

	Note	2010	2009
		£	£
Non-current assets			
Property plant and equipment	8	132,502	154,954
Intangible asset	8	830,897	905,725
Deferred tax asset	7	153,888	-
		1,117,287	1,060,679
Current assets			
Trade and other receivables	9	15,649,665	2,848,447
Cash and cash equivalents		290,439	28,427
		15,934,404	2,876,874
Total assets		17,051,691	3,937,553
Current liabilities			
Trade and other payables	10	1,733,780	745,546
Amount due to parent company	13	15,854,449	9,471,670
		17,588,229	10,217,216
Total liabilities		17,588,229	10,217,216
Net liabilities		(530,838)	(6,279,663)
Equity			
Share capital	11	1	1
Retained earnings	11	(530,839)	(6,279,664)
Total equity	11	(530,838)	(6,279,663)

These financial statements were approved by the board of directors on 24/02/11 and were signed on 20/4/11
 its behalf by



John Philip Wallace
 Director

Company registration number 06569590

Pages from 10 to 17 form a part of the Notes to the Financial Statements

Statement of Changes in Equity
For the year ended 31 December 2010

	Note	Share capital £	Retained earnings £	Total equity £
Balance at 31 December 2008		1	(3,357,804)	(3,357,803)
Loss for the period		-	(2,921,806)	(2,921,806)
<hr/>				
Balance at 31 December 2009		1	(6,279,664)	(6,279,663)
Profit for the year		-	5,748,825	5,748,825
<hr/>				
Balance at 31 December 2010	11	1	(530,839)	(530,828)

Pages from 10 to 17 form a part of the Notes to the Financial Statements

Cash Flow Statement

For the year ended 31 December 2010

	Note	2010 £	2009 £
Cash flows from operating activities			
Profit /(loss) before tax		5,596,655	(2,921,860)
<i>Adjustments for</i>			
Depreciation, amortisation and impairment	8	132,375	121,405
Foreign exchange loss/ (gain)	6	337,695	(815,697)
Financial income		-	(6,143)
		<u>6,066,725</u>	<u>(3,622,295)</u>
Increase in trade and other receivables		(12,801,216)	(112,496)
Increase in trade and other payables		988,235	228,887
		<u>(5,746,256)</u>	<u>(3,505,904)</u>
Cash flow from operations		(5,746,256)	(3,505,904)
Corporation tax paid		(1,720)	-
		<u>(5,747,976)</u>	<u>(3,505,904)</u>
Net cash flow from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(35,095)	(14,210)
Interest received		-	24,491
		<u>(35,095)</u>	<u>10,281</u>
Net cash flow from investing activities			
Cash flows from financing activities			
Increase in intercompany funding		6,045,084	1,315,626
		<u>6,045,084</u>	<u>1,315,626</u>
Net cash generated from financing activities			
Net increase/ (decrease) in cash and cash equivalents		262,013	(2,179,997)
Cash and cash equivalents at beginning of the year		28,427	2,208,424
		<u>290,440</u>	<u>28,427</u>
Cash and cash equivalents at the end of the year			

Pages from 10 to 17 form a part of the Notes to the Financial Statements

Notes (forming part of the financial statements)

1 Accounting policies

Qatari Diar UK Limited (the "Company") is a company incorporated and domiciled in the UK

Basis of preparation

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 financial statements are presented in Sterling prepared on the historical cost basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

The following Adopted IFRSs have been issued but have not been applied by the company in its financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated

- Amendment to IFRS 7 Improving Disclosures about Financial Instruments
- Amendments to IAS 39 Reclassification of Financial Assets Effective Date and Transition
- Improvements to IFRSs (issued 16 April 2009)

Going concern

The financial statements have been prepared on the going concern basis notwithstanding the company's net current liabilities of £17,588,229 which the directors believe to be appropriate as Qatari Diar Real Estate Investment Company Q S C has provided an undertaking that for at least 12 months, from the date of approval of these financial statements they will make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment

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

Foreign currency

Transactions in foreign currencies are translated to Sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to Sterling at foreign exchange rates ruling at the dates the fair value was determined

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses

Notes (continued)

1 Accounting policies (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost 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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- plant and equipment - 3 years
- fixtures and fittings - 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- lease premium - over the term of the lease

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes (continued)

1 Accounting policies (continued)

Impairments

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Revenue

A transfer pricing margin is applied to the operating cost charged to income statement in respect of the service the company provides to its group companies.

The company's business activity is that described in the Directors' Report and accordingly all revenue is generated within the group of Qatari Diar Real Estate Investment Company.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Financing income comprises interest receivable on funds invested, dividend income, and net foreign exchange gains.

Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement 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 temporary difference can be utilised.

Notes (continued)

	2010	2009
	£	£
2 Revenue		
Rendering of services		
- to parent company	4,941,814	-
- to group company	5,918,310	-
	10,860,124	-

The 2010 revenue included the back dated income for 2008 and 2009 on services provided to both the parent and group companies. No income was recognised in 2008 or 2009 as revenue could not be measured reliably at the time. In 2010, the transfer pricing agreement was reached between the company and its parent and subsequently revenue was recognised retrospectively.

3 Operating profit / (loss)

Included in the operating profit / (loss) is the following amount paid to the auditor:

- Audit of financial statements	12,000	9,000
- Accounting assistance	1,000	4,000
	13,000	13,000

4 Staff numbers and costs

The average number of employees (including directors) during the year was 18 (2009: 13), all of whom were involved in the company's principal activity.

	No.	No.
Number of employees		
Director	1	1
Investment	-	1
Development	9	8
Finance	1	1
HR	1	-
Legal	1	-
Administration	5	2
	18	13

The aggregate payroll costs of these persons were as follows:

Wages and salaries	2,446,975	1,131,443
Social security costs	306,158	546,865
	2,753,133	1,678,308

Notes (continued)

	2010 £	2009 £
5 Directors' remuneration		
Directors' emoluments	<u>303,339</u>	<u>244,800</u>
	<u>303,339</u>	<u>244,800</u>
 6 Finance income and expenses		
Foreign exchange (loss) / gain on intercompany payable	<u>(377,695)</u>	<u>815,697</u>
	<u>(377,695)</u>	<u>815,697</u>
 7 Taxation		
Recognised in the income statement		
<i>Current tax expense</i>		
Prior year adjustment	<u>1,718</u>	<u>-</u>
Current tax charge	<u>1,718</u>	<u>-</u>
<i>Deferred tax expense</i>		
Current year charge	28,160	-
Prior year adjustment	(187,748)	-
Adjustment due to change in tax rate	<u>5,700</u>	<u>-</u>
Deferred tax credit	<u>(153,840)</u>	<u>-</u>
Total tax credit	<u>(152,170)</u>	<u>-</u>

Notes (continued)

7 Taxation (continued)

	2010 £	2009 £
Reconciliation of effective tax rate		
Profit / (loss) for the year	<u>5,596,655</u>	<u>(2,921,860)</u>
Tax at the UK standard corporation tax rate of 28 %	1,567,063	(818,121)
Prior year adjustment	1,718	-
Losses (utilised) / not utilised in the year	(28,160)	808,709
Income not taxable	(1,554,420)	-
Depreciation in excess of capital allowance	<u>15,517</u>	<u>9,412</u>
Current tax charge	<u>1,718</u>	<u>-</u>

A deferred tax asset of £153,888 has been recognised in the balance sheet (2009: £nil) as it is considered probable that future taxable profits will be available against which the temporary difference can be utilised.

8 Property, plant and equipment & Intangible assets

	Intangible asset (Lease premium) £	Plant and equipment £	Fixtures & fittings £	Total £
Cost				
Balance at the start of the year	1,001,054	61,828	150,000	1,212,882
Additions during the year		35,095		35,095
	<u>1,001,054</u>	<u>96,923</u>	<u>150,000</u>	<u>1,247,977</u>
Depreciation				
Balance at the start of the year	(95,329)	(19,374)	(37,500)	(152,203)
Depreciation charge for the year	(74,828)	(27,547)	(30,000)	(132,375)
	<u>(170,157)</u>	<u>(46,921)</u>	<u>(67,500)</u>	<u>(284,578)</u>
Net book value				
At 31 December 2010	<u>830,897</u>	<u>50,002</u>	<u>82,500</u>	<u>963,399</u>
At 31 December 2009	<u>905,725</u>	<u>42,454</u>	<u>112,500</u>	<u>1,060,679</u>

The lease premium relates to the acquisition of a short term leasehold interest which ends on 4 February 2022 at the company's office premises of 77 Grosvenor Street London. This premium is amortised over the term of the lease.

Notes (continued)

9 Trade and other receivables

	2010	2009
	£	£
Trade receivables due from parent (note 13)	4,941,814	-
Trade receivables due from group company (note 13)	7,149,364	-
Refundable deposit	3,324,940	2,547,830
VAT recoverable	-	84,252
Interest receivable	-	602
Prepayments	233,547	215,763
	15,649,665	2,848,447
	15,649,665	2,848,447

10 Trade and other payables

Current

Trade payables	208,427	220,890
VAT payable	937,483	-
Accrued expenses	587,870	524,656
	1,733,780	745,546
	1,733,780	745,546

11 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 31 December 2009	1	(6,279,664)	(6,279,663)
Profit for the year	-	5,748,825	5,748,825
	1	(530,839)	(530,838)
Balance at 31 December 2010	1	(530,839)	(530,838)

12 Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows discounted at the market rate of interest at the balance sheet date if the effect is material.

Notes (continued)

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Market risk – foreign currency risk

The company's exposure to foreign currency risk arises from the intercompany transactions in Qatari Riyal. The total exposure at the balance sheet date is reflected as amounts due to parent company.

13 Related party transactions

The Company has a related party relationship with its parent company, group undertakings and its directors. Particulars of transactions, arrangement and agreements involving related parties are as follows:

Related party	Amount of transaction £	Balance at 31 December £	Details of transaction
2010			
Qatari Diar Real Estate Investment Company	4,941,814	4,941,814	Provision of market research advisory services
Qatari Diar Development (UK) Company	5,918,310	7,149,362	Provision of office sharing and administrative services to sister company
Qatari Diar Real Estate Investment Company	6,045,084	(15,854,449) (QAR 90,487,229)	Funding received from parent company to cover operational costs
Related party	Amount of transaction £	Balance at 31 December £	Details of transaction
2009			
Qatari Diar Real Estate Investment Company	1,315,626	(9,471,670) (QAR55,779,046)	Funding advanced from parent company

All amounts are interest free.

14 Ultimate parent company and parent company of larger group

The company is a wholly owned subsidiary undertaking of Qatari Diar Real Estate Investment Company which is the ultimate parent company incorporated in Qatar.

The largest group in which the results of the company are consolidated is Qatari Diar Real Estate Investment Company incorporated in Qatar. No other group financial statements include the results of the company. The consolidated financial statements of this group are not available to the public.