

QATARI DIAR UK LIMITED

**Directors' report and financial
statements**

**Registered number 06569590
For the year ended 31 December 2009**

WEDNESDAY



A04 *AQZROE6* 339
20/10/2010
COMPANIES HOUSE

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	2
Report of the independent auditors to the shareholder of Qatari Diar UK Limited	3
Statement of comprehensive income	4
Balance sheet	5
Cash flow statement	6
Notes	7-14

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2009. The comparative period is from the date of incorporation on 17 April 2008 to 31 December 2008.

Principal activities and review of the business

The company acts as a supervisor and market research adviser focusing on existing and potential investments of Qatari Diar Real Estate Investment Company.

The directors are satisfied with the results of the company for the year.

The directors are satisfied with the position of the company at the end of the year.

Directors

The following directors have held office during the financial year:

John Philip Wallace
Ghanim Bin Saad Al-Saad
Ahmed Al Mazroei

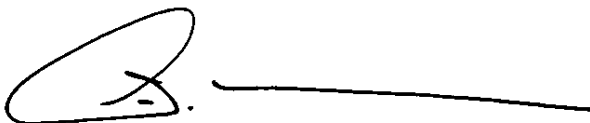
Disclosure of information to auditors

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



John Philip Wallace
Director

Date

1 FEB 2010.

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 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.



KPMG LLP

INDEPENDENT AUDITORS' REPORT 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 2009 set out on pages 4 to 14. 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 auditors' 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

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 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.frc.org.uk/apb/scope/UKNP.

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 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

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

1 Canada Square
London E14 5AG

Date *1 February 2010*

Statement of Comprehensive Income
For the year ended 31 December 2009

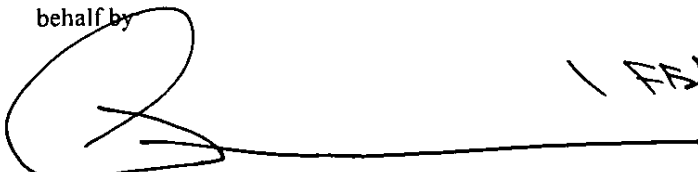
	<i>Note</i>	Year to 31 December 2009 £	17 April 2008 to December 2008 £
Revenue		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(3,743,700)	(1,306,341)
		<hr/>	<hr/>
Operating loss		(3,743,700)	(1,306,341)
Financial income	5	6,143	18,950
Net foreign exchange gain/(loss)	5	815,697	(2,070,413)
		<hr/>	<hr/>
Net financing income/(expense)		821,840	(2,051,463)
		<hr/>	<hr/>
Loss before tax		(2,921,860)	(3,357,804)
Taxation	6	-	-
		<hr/>	<hr/>
Loss for the year/period	11	(2,921,860)	(3,357,804)
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year/period		(2,921,860)	(3,357,804)
		<hr/> <hr/>	<hr/> <hr/>

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

Balance Sheet
As at 31 December 2009

	<i>Note</i>	2009	2008
		£	£
Non-current assets			
Property, plant and equipment	7	1,060,679	1,167,874
		1,060,679	1,167,874
Current assets			
Trade and other receivables	8	2,848,447	2,754,299
Cash and cash equivalents	9	28,427	2,208,424
		2,876,874	4,962,723
Total assets		3,937,553	6,130,597
Current liabilities			
Trade and other payables	10	745,546	516,659
Amount due to parent company	14	9,471,670	8,971,741
		10,217,216	9,488,400
Total liabilities		(6,279,663)	(3,357,803)
Equity			
Share capital	12	1	1
Retained earnings	11	(6,279,664)	(3,357,804)
		(6,279,663)	(3,357,803)
Total equity	11	(6,279,663)	(3,357,803)

These financial statements were approved by the board of directors on behalf by _____ and were signed on its


John Philip Wallace
Director

1 FEB 2010

Cash Flow Statement

For the year ended 31 December 2009

	Note	Year to 31 December 2009 £	17 April 2008 to 31 December 2008 £
Cash flows from operating activities			
Loss for the year/period before tax		(2,921,860)	(3,357,804)
<i>Adjustments for</i>			/
Depreciation, amortisation and impairment	7	121,405	30,798
Foreign exchange (gain)/losses	5	(815,697)	2,070,413
Financial income	5	(6,143)	(18,950)
		<hr/>	<hr/>
		(3,622,295)	(1,275,543)
Increase in trade and other receivables		(112,496)	(2,735,349)
Increase in trade and other payables		228,887	516,659
		<hr/>	<hr/>
Net cash used in operating activities		(3,505,904)	(3,494,233)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(14,210)	(1,198,672)
Interest received		24,491	-
		<hr/>	<hr/>
Net cash generated from/(used in) investing activities		10,281	(1,198,672)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from the issue of share capital	12	-	1
Increase in intercompany balance		1,315,626	6,901,328
		<hr/>	<hr/>
Net cash generated from financing activities		1,315,626	6,901,329
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(2,179,997)	2,208,424
Cash and cash equivalents at beginning of year/period		2,208,424	-
		<hr/>	<hr/>
Cash and cash equivalents at end of the year/period	9	28,427	2,208,424
		<hr/> <hr/>	<hr/> <hr/>

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

The company has applied revised IAS 1 'Presentation of Financial Statements', which became effective as of 1 January 2009. As a result, the company presents the Statement of Comprehensive Income. Comparative information has been represented so that it also is in conformity with the revised standard. This change in accounting policy only impacts the presentation aspects and there is no impact on reported results.

In these financial statements the following standards have not been considered, which are effective for the first time, as these are not relevant to the company. Consequently these standards don't have any financial impact on the financial statements

- Amendments to IFRS 1 and IAS 27 'Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate'
- Amendments to IFRS 2 'Share-based payment – Vesting Conditions and Cancellations'
- Amendment to IFRS 7 'Improving Disclosures about Financial Instruments'
- Revised IAS 23 'Borrowing Costs'
- Amendments to IAS 32 and IAS 1 'Puttable Financial Instruments and Obligations Arising on Liquidation'
- Improvements to IFRSs (issued May 2008) (adoption dates varies but certain improvements are mandatory for the year commencing on or after 1 January 2009)
- Amendments to IFRIC 9 and IAS 39 Embedded Derivatives'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC 14 'IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction'

The financial statements have been prepared on the going concern basis notwithstanding the company's net liabilities of £6,279,663 (2008 £3,357,803), 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 financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The financial statements are presented in sterling prepared on the historical cost basis

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 Sterling at foreign exchange rates ruling at the dates the fair value was determined.

Notes (continued)

1 Accounting policies (continued)

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.

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 is 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:

- Leasehold buildings over the lease term
- plant and equipment 3 years
- fixtures and fittings 5 years

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

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.

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.

Notes (continued)

1 Accounting policies (continued)

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)

2 Staff numbers and costs

The average number of employees (including directors) during the year was thirteen (2008 eight), all of whom were involved in the company's principal activity

	2009	2008
Director	1	1
Investment	1	1
Development	8	4
Finance	1	1
Administration	2	1

The aggregate payroll costs of these persons were as follows

	2009 £	2008 £
Wages and salaries	1,131,443	461,462
Social security costs	546,865	151,569
	1,678,308	613,031
	1,678,308	613,031

3 Auditors' remuneration

	2009 £	2008 £
Audit of these financial statements	9,000	7,000
Accounting assistance	4,000	4,000
	13,000	11,000
	13,000	11,000

4 Directors' remuneration

	2009 £	2008 £
Directors' emoluments	244,800	112,000
	244,800	112,000

5 Finance income and expense

	2009 £	2008 £
<i>Finance income</i>		
Bank interest	6,143	18,950
	6,143	18,950

Notes (continued)

5 Finance income and expense (continued)

	2009	2008
	£	£
<i>Finance expense</i>		
Net foreign exchange (gain)/loss on intercompany payable	(815,697)	2,070,413
	(815,697)	2,070,413

6 Taxation

Recognised in the statement of comprehensive income

	2009	2008
	£	£
<i>Current tax expense</i>		
Current year	-	-
	-	-
Current tax expense	-	-
	-	-
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	-	-
	-	-
Deferred tax expense	-	-
	-	-
Tax expense in statement of comprehensive statement	-	-
	-	-
Total tax expense	-	-
	-	-

Reconciliation of effective tax rate

	2009	2008
	£	£
Loss for the year/period	(2,921,860)	(3,357,804)
	(2,921,860)	(3,357,804)
Tax using the UK corporation tax rate of 28%	818,121	940,185
Current period loss for which no deferred tax asset was recognised	(808,709)	(926,455)
Effect of non-deductible items	(7,038)	(10,847)
Depreciation in excess of capital allowances	(2,374)	(2,883)
	-	-
Total tax expense	-	-
	-	-

No deferred tax asset has been recognised in the financial statements as its utilisation is dependent on future taxable profits, the timing of which is uncertain

Notes (continued)

7 Property, plant and equipment

	Leasehold land and buildings £	Plant and equipment £	Fixtures & fittings £	Total £
Cost				
Balance at beginning of the year	1,001,054	47,618	150,000	1,198,672
Additions during the year	-	14,210	-	14,210
Balance at end of the year	1,001,054	61,828	150,000	1,212,882
Depreciation				
Balance at beginning of the year	(20,501)	(2,797)	(7,500)	(30,798)
Charge for the year	(74,828)	(16,577)	(30,000)	(121,405)
Balance at end of the year	(95,329)	(19,374)	(37,500)	(152,203)
Net book value				
At 31 December 2009	905,725	42,454	112,500	1,060,679
At 31 December 2008	980,553	44,821	142,500	1,167,874

8 Trade and other receivables

	2009 £	2008 £
Refundable deposit*	2,544,204	2,559,804
VAT recoverable	84,252	109,202
Other trade receivables	3,626	24,488
Interest receivable	602	18,950
Prepayments	215,763	41,855
	2,848,447	2,754,299

*Refundable deposit relates to the office premises at 77 Grosvenor Street, London

9 Cash and cash equivalents

	2009 £	2008 £
Cash and cash equivalents in balance sheet	28,427	2,208,424
Cash and cash equivalents in cash flow statement	28,427	2,208,424

Notes (continued)

10 Trade and other payables

	2009 £	2008 £
<i>Current</i>		
Trade payables	220,890	160,100
Accrued expenses	524,656	356,559
	745,546	516,659

11 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £	Retained Earnings £	Total equity £
Issue of shares	1	-	1
Loss for the period	-	(3,357,804)	(3,357,804)
At 31 December 2008	1	(3,357,804)	(3,357,803)
Loss for the year 2009	-	(2,921,860)	(2,921,860)
At 31 December 2009	1	(6,279,664)	(6,279,663)

12 Share capital

	2009 £	2008 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
1 Ordinary shares of £1 each	1	1

13 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

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

Notes (continued)

13 Fair values of financial instruments (continued)

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 of Qatari Riyal 55,779,046 (2008 QAR 47,749,492)

14 Related parties

The company has an outstanding balance with the immediate parent company, Qatari Diar Real Estate Investment Company of £9,471,670 (2008 £8,971,471) equivalent QAR 55,779,046 (2008 QAR 47,749,492), which has funded most of the operational costs of the company

At year end £nil (2008 £81,375) is payable to John Wallace, director, in relation to expenses of £nil (2008 £65,359) paid by him on behalf of the company during the year

During the year the company entered into a service agreement with a fellow subsidiary, Qatari Diar Development Company (UK) Limited, to provide office sharing facilities and administrative services in the normal course of the business. The transfer pricing arrangements are being discussed therefore no transaction has been recorded in the financial statements in relation to such services

15 Operating leases

Non-cancellable operating lease rentals are payable as follows

	2009	2008
	£	£
Less than one year	721,760	721,760
Between one and five years	2,887,040	2,887,040
More than five years	5,292,907	6,014,667
	8,901,707	9,623,467
	8,901,707	9,623,467

The Company leases office premises at 77 Grosvenor Street, London, W1K 3JR under a 15 year lease with the expiry of the term on 4 February 2022. The rent will be reviewed in year 2012 and 2017 and will be based on market conditions

During the year £721,760 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2008 £180,440)

16 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 the Qatar

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