

LIC GOTHAM (UK) LTD
DIRECTORS' REPORT AND
SEPARATE FINANCIAL STATEMENTS

REGISTERED NUMBER 10236685

FOR THE PERIOD FROM 16 JUNE 2016 (INCORPORATION DATE)
TO 31 DECEMBER 2016

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LIC Gotham (UK) Ltd

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LIC Gotham (UK) Ltd

Directors' report

The directors of LIC Gotham (UK) Ltd (the "Company") present their directors' report and separate financial statements for the period from 16 June 2016 (incorporation date) to 31 December 2016.

Principal activities and review of the business

LIC Gotham (UK) Ltd was incorporated as a limited company in England and Wales on 16 June 2016. The registered office of the Company is located at 16 Grosvenor Street, London W1K 4QF. The Company's principal activity is real estate investment.

The shareholder and the shareholding interest in the Company is as follows

<i>Name of Shareholder</i>	<i>Interests</i>
QD US Real Estate Company	100%

Results and dividends

The profit for the period from 16 June 2016 (incorporation date) to 31 December 2016 dealt with in the separate financial statements is US\$1,185,976.

The directors are satisfied with the financial performance and the position of the Company for the period from 16 June 2016 (incorporation date) to 31 December 2016.

The directors do not recommend the payment of a dividend for the period from 16 June (incorporation date) to 31 December 2016.

Directors

The following directors have held office during the financial period from 16 June 2016 (incorporation date) to 31 December 2016 and subsequently:

Sheikh Jassim Al Thani (appointed 16 June 2016)
Thierry Boudhors (appointed 16 June 2016, resigned 06 February 2017)

Directors' remuneration

There was no directors' remuneration during the period from 16 June 2016 (incorporation date) to 31 December 2016.

Staff numbers and costs

There were no employees and no indemnity provisions during the period from 16 June 2016 (incorporation date) to 31 December 2016.

Political contribution

The Company incurred no political expenditure during the period from 16 June 2016 (incorporation date) to 31 December 2016.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of interest rate risk, currency risk, credit risk, and liquidity risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company (Note 10).

Strategic report

The Directors have taken exemption from preparing the strategic report as the separate financial statements are prepared in accordance with the small companies regime.

Disclosure of information to 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

The auditors, Deloitte and Touche – Qatar are deemed to have been appointed in accordance with section 487 of the Companies Act of 2006.

LIC Gotham (UK) Ltd

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the separate financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare separate financial statements for each financial year. Under that law the directors have elected to prepare the separate financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the separate 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 separate financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 separate 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.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Board



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Sheikh Jassim Hamad Al Thani

Director

Company registration number 10236685

QR. 99-8
RN: 000276/BM/FY2017

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
LIC Gotham (UK) Ltd**

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of LIC Gotham (UK) Ltd (the "Company"), which comprise the separate statement of financial position as at 31 December 2016, and separate statements of comprehensive income, changes in equity and cash flows for the period from 16 June 2016 (incorporation date) to 31 December 2016, and a summary of significant accounting policies and other explanatory information.

In our opinion, the separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the period from 16 June 2016 (incorporation date) to 31 December 2016 in accordance with International Financial Reporting Standards (IFRS).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's separate financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

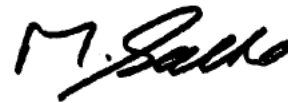
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Separate Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Doha – Qatar
September 27, 2017

For Deloitte & Touche
Qatar Branch



Midhat Salha
Partner
License No. 257

LIC Gotham (UK) Ltd
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the period 16 June 2016 (incorporation date) to 31 December 2016

		<i>For the period from 16 June 2016 (incorporation date) to 31 December 2016</i>
	<i>Notes</i>	<i>US\$</i>
Management fees	9	(17,356)
Professional fees		(3,759)
Bank charges		<u>(100)</u>
OPERATING LOSS		(21,215)
Interest income	9	<u>1,207,191</u>
PROFIT BEFORE INCOME TAX		1,185,976
Income tax expense	7	<u>--</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,185,976</u>

The attached notes 1 to 13 form part of these separate financial statements.

LIC Gotham (UK) Ltd
SEPARATE STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>US\$</i>
ASSETS		
Non-current assets		
Investment in a subsidiary	5	20,700,226
Loan to a related party	9	49,507,717
		<u>70,207,943</u>
Current assets		
Bank balances		7,900
TOTAL ASSETS		<u>70,215,843</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	6	69,008,752
Retained earnings	8	1,185,976
Total equity		<u>70,194,728</u>
Liabilities		
Current liabilities		
Amounts due to a related party	9	17,356
Accrued expenses		3,759
Total liabilities		<u>21,115</u>
TOTAL EQUITY AND LIABILITIES		<u>70,215,843</u>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.



 Sheikh Jassim Hamed Al Thani
 Director

The attached notes 1 to 13 form part of these separate financial statements.

LIC Gotham (UK) Ltd
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the period 16 June 2016 (incorporation date) to 31 December 2016

	<i>Share capital US\$</i>	<i>Share premium US\$</i>	<i>Retained earnings US\$</i>	<i>Total US\$</i>
Issuance of new share capital (Note 6)	69,008,752	--	--	69,008,752
Total comprehensive income for the period	<u>--</u>	<u>--</u>	<u>1,185,976</u>	<u>1,185,976</u>
Balance at 31 December 2016	<u>69,008,752</u>	<u>--</u>	<u>1,185,976</u>	<u>70,194,728</u>

The attached notes 1 to 13 form part of these separate financial statements.

LIC Gotham (UK) Ltd
SEPARATE STATEMENT OF CASH FLOWS
For the period 16 June 2016 (incorporation date) to 31 December 2016

	<i>Notes</i>	<i>For the period from 16 June 2016 (incorporation date) to 31 December 2016 US\$</i>
OPERATING ACTIVITIES		
Profit before income tax		1,185,976
Adjustment for:		
Interest income	9	<u>(1,207,191)</u>
Operating cash flows before working capital changes		(21,215)
Working capital changes:		
Accrued expenses		3,759
Amounts due to a related party		<u>17,356</u>
Net cash used in operating activities		<u>(100)</u>
INVESTING ACTIVITIES		
Investment in a subsidiary		(20,700,226)
Net movement on loan to a related party		<u>(48,300,526)</u>
Net cash used in investing activities		<u>(69,000,752)</u>
FINANCING ACTIVITY		
Proceeds from issuance of share capital	6	<u>69,008,752</u>
NET INCREASE IN BANK BALANCES		7,900
Bank balances at 16 June		<u>--</u>
BANK BALANCES AT 31 DECEMBER		<u>7,900</u>

The attached notes 1 to 13 form part of these separate financial statements.

LIC Gotham (UK) Ltd
NOTES TO THE SEPARATE FINANCIAL STATEMENTS
For the period 16 June 2016 (incorporation date) to 31 December 2016

1. INCORPORATION AND ACTIVITIES

LIC Gotham (UK) Ltd (the "Company") was incorporated as a limited company in England and Wales on 16 June 2016. The registered office of the Company is located at 16 Grosvenor Street, London W1K 4QP.

The Company's principal activity is real estate investment.

These are the first separate financial statements of the Company and include transactions for the period from 16 June 2016 to 31 December 2016.

Controlling Party

The shareholder and the shareholding interests in the Company is as follows:

<i>Name of the shareholder</i>	<i>Interests</i>
QD US Real Estate Company	100%

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is Qatari Diar Real Estate Investment Company, a company incorporated in Qatar of which it is a member for which consolidated financial statements are drawn up.

These separate financial statements only relate to the activities, assets and liabilities of LIC Gotham (UK) Ltd and do not extend to include any other entities or investments of the Company. The Company has elected not to prepare consolidated financial statements in accordance with the provision of IFRS 10, as the Company's parent company, QD US Real Estate Company, prepares and issues consolidated financial statements. The copies of the consolidated financial statements are available at Companies House, Crown Way, Cardiff CF14 3UZ.

The separate financial statements of the Company for the period from 16 June 2016 (incorporation date) to 31 December 2016 were authorised for issue by the management on September 22, 2017.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1. New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 <i>Income Taxes</i> relating to the recognition of deferred tax assets for unrealised losses	January 1, 2017
Amendments to IAS 7 <i>Statement of Cash Flows</i> to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1. New and revised IFRSs in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
<p>IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i></p> <p>The interpretation addresses foreign currency transactions or parts of transactions where:</p> <ul style="list-style-type: none"> • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and <p>the prepayment asset or deferred income liability is non-monetary.</p>	<p>January 1, 2018</p>
<p>Amendments to IFRS 2 <i>Share Based Payment</i> regarding classification and measurement of share based payment transactions.</p>	<p>January 1, 2018</p>
<p>Amendments to IFRS 4 <i>Insurance Contracts</i>: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.</p>	<p>January 1, 2018</p>
<p>Amendments to IAS 40 <i>Investment Property</i>: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.</p>	<p>January 1, 2018</p>
<p>Amendments to IFRS 7 <i>Financial Instruments: Disclosures</i> relating to disclosures about the initial application of IFRS 9.</p>	<p>When IFRS 9 is first applied</p>
<p>IFRS 7 <i>Financial Instruments: Disclosures</i> relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.</p>	<p>When IFRS 9 is first applied</p>
<p>IFRS 9 <i>Financial Instruments</i> (revised versions in 2009, 2010, 2013 and 2014)</p> <p>IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.</p> <p>A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 <i>Financial Instruments: Recognition and Measurement</i>.</p>	<p>January 1, 2018</p>

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1. New and revised IFRSs in issue but not yet effective (continued)

New and revised IFRSs

IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) (continued)

**Effective for
annual periods
beginning on or after**

January 1, 2018

The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

IFRS 15 Revenue from Contracts with Customers

January 1, 2018

In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.1. New and revised IFRSs in issue but not yet effective (continued)

<u>New and revised IFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to IFRS 15 <i>Revenue from Contracts with Customers</i> to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018
IFRS 16 <i>Leases</i>	January 1, 2019
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	
Amendments to IFRS 10 <i>Consolidated Financial Statements</i> and IAS 28 <i>Investments in Associates and Joint Ventures</i> (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture.	Effective date deferred indefinitely

Management anticipates that, except as mentioned below, the adoption of these Standards and Interpretations in future periods will have no material financial impact on the separate financial statements in the period of initial application, other than certain presentation and disclosure changes.

Management anticipates that IFRS 15, IFRS 9, revised IFRS 7 and IFRS 16 will be adopted in the Company's separate financial statements for the annual period beginning January 1, 2018 and January 1, 2019, as applicable. The application of these standards may have significant impact on amounts reported in the separate financial statements and may result in more extensive disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation

The separate financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (i) Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The separate financial statements are presented in United States Dollars ("US\$"), which is the Company's functional and presentation currency.

The principal accounting policies are set below:

Investments in a subsidiary

A subsidiary is an entity over which the Company has control. Control is achieved when

- (i) has power over the investee;
- (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and
- (iii) has the ability to use its power to affect its returns.

Investments in a subsidiary is stated at cost less, where appropriate, provisions for impairment in the Company's separate financial statements.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had not impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of comprehensive income unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

Financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of loan to a related party and bank balances. Financial liabilities consist of amounts due to a related party and accrued expenses.

Initial recognition

Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date at which the Company becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends upon the purpose for which the financial instruments were acquired and the characteristics of the financial instruments. All financial instruments are measured initially at their fair value, plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue. Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in separate statement of comprehensive income

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the separate statement of comprehensive income.

Bank balances

Bank balances comprise of bank balances with original maturity of three months or less.

Due to related parties

Due to related parties are non-derivative financial liabilities and are carried at amortised cost, using the effective interest rate method.

Payables and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Impairment and collectability of financial assets

An assessment is made at the end of each reporting period to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the separate statement of comprehensive income. Impairment is determined as follows:

- (a) For assets carried at fair value, impairment is the difference between cost and fair value;
- (b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.
- (c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Derecognition of financial assets and liabilities

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets and liabilities (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the separate statement of comprehensive income.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Dividend distributions

Dividend distributions are at the discretion of the Company. A dividend distribution to the Company's shareholder is accounted for as a deduction from realised or unrealised profit, share premium or as otherwise permitted by the Statute. A proposed dividend is recognised as a liability in the period in which it is approved in the meeting of the Board of Directors.

Interest income

Interest income comprises interest from loan to subsidiary. Interest income is recognised as it accrues in the separate statement of comprehensive income, using the effective interest method.

Taxation

Income tax expense recognised in the separate statement of comprehensive income represents the tax payable on taxable income for the period in accordance with Tax Laws in the United Kingdom. The Company shall pay income tax on the basis of the current rates of taxation as set out in the Laws.

Deferred income tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and same taxation authority.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgments

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in separate financial statements:

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and therefore the separate financial statements continue to be prepared on a going concern basis.

Functional currency

The primary objective of the Company is to generate returns in US\$, which is the capital raising currency. Also, the day-to-day activities of the Company are managed and the performance is evaluated in US\$. Therefore, the management considers US\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical accounting judgments (continued)

Estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the separate statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of receivables

An estimate of the collectible amount of loan to a related party is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is generally based on the discounted cash flow model. The cash flows are derived from the budget and do not include the restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the cash generating unit being tested.

5. INVESTMENT IN A SUBSIDIARY

The Company has the following investment in a subsidiary:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Company's effective shareholding as at 31 December 2016</i>	<i>Company's cost of investment as at 31 December 2016</i>
		<i>%</i>	<i>US\$</i>
LIC Gotham (US) Inc.	United States	100%	20,700,226

The subsidiary's principal place of business is 16 Grosvenor Street, London, W1K 4QF. All shares issued and outstanding of the subsidiary are ordinary shares.

6. SHARE CAPITAL

The authorised share capital of the Company is US\$ 300,000,000 divided into 300,000,000 participating shares of US\$ 1.00 par value. Shares are issuable at US\$ 1 per share, with the excess above par values credited to a share premium reserve. The share premium reserve is available for use only in the circumstances prescribed in the Company's Articles of Association.

Quantitative information about the Company's capital is provided in the table below. These shares are entitled to dividends when declared and to payment of a proportionate share of the Company's net asset value upon winding up of the Company.

At 31 December, the issued share capital is as follows:

	<i>Number of shares</i>	<i>Par value</i>	<i>31 December 2016</i>		
			<i>Share capital US\$</i>	<i>Share premium US\$</i>	<i>Total US\$</i>
Shares:					
Ordinary shares	69,008,752	US\$1.00	69,008,752	—	69,008,752

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7. INCOME TAX

	<i>2016</i> <i>US\$</i>
Profit for the period from 16 June 2016 (incorporation date) to 31 December 2016	<u>1,185,976</u>
Tax at 20% - 2016	237,195
Group relief claimed	<u>(237,195)</u>
Total tax charge/(credit)	<u>—</u>

Group relief is claimed in accordance with the provisions of Part 5 of the Corporation Tax Act 2010. Where losses exceed amounts surrendered to other members of the QD US Real Estate Group, these losses will be carried forward.

8. RETAINED EARNINGS

	<i>US\$</i>
Balance at 16 June 2016	—
Net profit for the period	<u>1,185,976</u>
Balance at 31 December 2016	<u>1,185,976</u>

9. RELATED PARTY DISCLOSURES

Related parties represent associated entities, shareholder, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Related party transactions

Transactions with related parties included in the separate statement of comprehensive income is as follows:

	<i>2016</i> <i>US\$</i>
<i>Shareholder:</i> QD US Real Estate Company Management fees	<u>17,356</u>
<i>Subsidiary:</i> LIC Gotham (US) Inc. Interest income	<u>1,207,191</u>

Related party balances

Balances with related parties included in the separate statement of financial position are as follows:

	<i>2016</i> <i>US\$</i>
<i>Loan to a related party:</i> LIC Gotham (US) Inc.	
Loan receivable	48,300,526
Interest income for the 6 months	<u>1,207,191</u>
	<u>49,507,717</u>
<i>Classified as:</i>	
Current – receivable within one year	—
Non-current – receivable after one year	<u>49,507,717</u>

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9. RELATED PARTY DISCLOSURES (CONTINUED)

The loan to a related party is denominated in US\$ and was granted on 30 June 2016. The loan carries an interest rate of 3 month US Dollar LIBOR plus 5.5% and is repayable as a bullet payment after five years from the effective date being 29 June 2021.

	2016
	US\$
<i>Shareholder:</i>	
QD US Real Estate Company	<u>17,356</u>

Terms and conditions of transactions with related parties

Transactions with related parties are made at terms approved by the Directors. Outstanding balances at the reporting date are unsecured, interest free and the settlement occurs in cash, except for the loans receivable, which carry interest at market rates. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel

There was no remuneration paid to key management during the period from 16 June 2016 (incorporation date) to 31 December 2016.

10. FINANCIAL RISK MANAGEMENT

Objective and policies

The Company's principal financial liabilities comprise of amounts due to a related party and accrued expenses. The main purpose of these financial liabilities is to manage the working capital requirements for the Company's operations. The Company has financial assets such as bank balances, which arise directly from its operations as well as loan to a related party.

The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company is in the process of setting acceptable parameters, based on value at risk, that may be accepted and monitored on a daily basis.

Interest rate risk

Interest rate risk arises due to the changes in market interest rates, affecting the floating rate financial instruments of the Company. At the reporting date, the Company had no floating rate financial assets or financial liabilities, on which the Company would be exposed to interest rate risk.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its exposures to currency risk. There are no financial instruments exposed to foreign currency fluctuations at the reporting date.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge a financial obligation and cause the other party to incur a financial loss, and arises from the operations of the Company. The Company's exposure to credit risk is indicated by the carrying amount of its financial assets, which consists primarily of bank balances and loan to a related party.

The Company seeks to limit its credit risk with respect to banks by dealing with reputable banks. The Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets in the separate statement of financial position and loan to a related party.

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10. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation. The Company limits its liquidity risk by ensuring financing facilities are available from its shareholders, through capital calls.

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2016, based on contractual payment dates and current market interest rates.

<i>2016</i>	<i>Less than 1 year US\$</i>	<i>1 to 5 years US\$</i>	<i>> 5 years US\$</i>	<i>Total US\$</i>
Amounts due to a related party	<u>17,356</u>	<u>--</u>	<u>--</u>	<u>17,356</u>

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the period 16 June 2016 (incorporation date) to 31 December 2016.

Capital comprises share capital, share premium and retained earnings and is measured at 31 December 2016 US\$70,194,728.

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of bank balance and loan to a related party. Financial liabilities consist of amounts due to a related party and accrued expenses.

Fair values of financial instruments are not materially different from their carrying values.

12. AUDITOR'S REMUNERATION

Fees payable to Deloitte & Touche – Qatar and their associates for the audit of the separate financial statements for the period 16 June 2016 (incorporation date) to 31 December 2016 were US\$2,500.

Fees payable to Deloitte & Touche – Qatar and their associates for non-audit services to the Company are 2016: US\$ Nil.

13. COMMITMENTS AND CONTINGENCIES

At 31 December 2016, the Company has capital commitments with Tishman Speyer amounting to US\$ 567.23 million. These commitments relate to the cost of construction of the office and retail development at Long Island City in New York.