QATARI DIAR DEVELOPMENT COMPANY (UK) LIMITED

Annual Directors' Report and Financial Statements

Registered number 06729386

For the year ended 31 December 2016

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Strategic Report

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities

Qatari Diar Development Company (UK) Limited's ('the Company') principal activity is to provide management, monitoring and advisory services to related parties which hold investments in the United Kingdom and Continental Europe.

Business review

The Statement of comprehensive income is set out on page 7 and shows the result for the period. The Company made a profit of £10,059,950 for the period ended 31st December 2016 (31 December 2015: loss of £2,409,798).

Key performance indicators

A range of performance indicators is used to monitor and manage the business. Those that are particularly important in monitoring the Company's progress in generating value for the shareholders are considered to be key performance indicators (KPIs). These KPIs measure past performance and also provide management with information to allow them to manage the business into the future. Turnover and Profit indicate the volume of sales and its profitability.

	2016	**2015**
	£	**£**
Revenue	8,218,953	6,268,607
Profit/(Loss) for the year	10,059,950	(2,409,798)

Revenues are generated from services provided to related companies under the terms of specific agreements for the provision of services. These agreements are based on market standard terms and conditions.

The significant increase in profit in the year was largely due to the reinvoicing of costs to one of its customers that were previously borne by the Company. This exceptional recharge is not expected to be replicated in future periods.

Future Developments

In 2017, QDREIC approved a corporate restructuring after which the Company will discontinue its current business activities. Implementation of the corporate restructuring is imminent and as such, the directors have determined that it is not appropriate to prepare the financial statements on a going concern basis.

Post Balance Sheet Events

At the date of this report, the Company is not aware of any events that would affect the financial statements for the period ending 31 December 2016 other than the restructuring referred to above.

For and on behalf of the Board

Jassim bin Hamad NJ Al Thani
Director
23 August 2017

Directors' report

The directors of Qatari Diar Development Company (UK) Limited present their directors' report and audited financial statements for the year ended 31 December 2016. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. Thc financial statements have been prepared under International Financial Reporting Standards.

Principal activities and review of the business

The company's principal activity is to provide management, monitoring and advisory services to the QDREIC's property owning entities with investments in the United Kingdom.

Results

The profit for the year dealt within the financial statements is £10,059,950 (2015 loss: £2,409,798).

The directors are satisfied with the financial performance and the position of the company for the year ended 31 December 2016.

Going concern

In 2017, the parent company approved a corporate restructuring approved a corporate restructuring after which the business activities of the Company will cease to exist. Implementation of the corporate restructuring is imminent and as such, the directors have determined that it is not appropriate to prepare the financial statements on a going concern basis.

Dividends

There were no interim dividends paid in the current year or prior year. The directors do not recommend or propose the payment for the year ended 31 December 2016.

Directors

The following directors have held office during the financial year.
Sheikh Jassim Al Thani (appointed since 10.09.2013, Chairman since 18.11.2014)
Sean Neil Reid (appointed since 11.02.2011, resigned on 15.01.2016)
Jeremy Martin Holmes (appointed since 30.01.2015)
Richard Oakes (appointed since 21.01.2016)
Jean Lamothe (appointed since 15.07.16)

Political contributions

The company incurred no political expenditure (2015: £nil) during the year.

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.

Directors' report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

By order of the board

Jassim bin Hamad NJ Al Thani
Director

23 August 2017

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report, Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

The directors confirm that they have complied with the above requirements in preparing the financial statements for each financial year. Under that law the directors have elected to prepare the 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 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, 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 specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's final 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 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.

Report of the independent auditor to the members of Qatari Diar Development Company (UK) Limited

We have audited the financial statements of Qatari Diar Development Company (UK) Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 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 European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Directors' Report and Strategic Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report and Strategic Report.

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.

Siobhan Durcan
for and on behalf of Deloitte LLP
Statutory Auditor
St. Helier, Jersey
23 August 2017

Statement of Comprehensive Income

For the year ended 31 December 2016

	Note	2016	2015
		£	£
Revenue	2	8,218,953	6,268,607
Other Income	3	21,500,000	-
Cost of sales	4	(14,541,214)	(8,418,942)
Gross profit/(loss)		15,177,739	(2,150,135)
Administrative expenses		-	-
Profit/ (Loss) before Tax		15,177,739	(2,150,135)
Tax charge	7	(5,117,789)	(259,663)
Total Profit/ (Loss) for the year		10,059,950	(2,409,798)

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.

The notes on pages 11 to 17 form part of the Financial Statements.

Statement of Financial Position

As at 31 December 2016

	Note	2016	2015
		£	£
Non-current assets			
Deferred tax asset	7	-	5,117,789
Current assets			
Trade and other receivables	8	350,287	10,048
Amount due from group companies	12	34,821,894	8,824,024
Cash and bank balance		4,937,815	3,381,181
Total current assets		40,109,997	12,215,253
Total assets		40,109,997	17,333,042
Current liabilities			
Payables and provisions	9	(17,731,043)	(5,014,038)
Amount due to group companies	12	(37,960,528)	(37,960,528)
Total liabilities		(55,691,571)	(42,974,566)
Net liabilities		(15,581,574)	(25,641,524)
Equity			
Share capital	10	1	1
Retained earnings		(15,581,575)	(25,641,525)
Total equity		(15,581,574)	(25,641,524)

These financial statements were approved by the board of directors on 23 August 2017 and were signed on its behalf by:

Jassim bin Hamad NJ Al Thani
Director
Company registration number 06729386

The notes on pages 11 to 17 form part of the Financial Statements.

Statement of Changes in Equity
For the year ended 31 December 2016

	Share capital £	**Retained earnings £**	**Total equity £**
Balance at 31 December 2014	1	(23,231,727)	(23,231,726)
Loss for the year	-	(2,409,798)	(2,409,798)
Balance at 31 December 2015	1	(25,641,525)	(25,641,524)
Profit for the year	-	10,059,950	10,059,950
Balance at 31 December 2016	**1**	**(15,581,575)**	**(15,581,574)**

The notes on pages 11 to 17 form part of the Financial Statements.

Cash Flow Statement

For the year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Loss before tax	15,177,739	(2,150,135)
Adjustments for:		
Increase in trade and other receivables	(340,239)	(2,458)
Increase in trade and other payables	12,717,004	1,712,096
Net cash flow used in operating activities	27,554,504	(440,497)
Cash flows from financing activities		
Decrease in intercompany funding	(25,997,870)	(8,272,292)
Net cash flow used in financing activities	(25,997,870)	(8,272,292)
Net decrease in cash and cash equivalents	1,556,634	(8,712,789)
Cash and cash equivalents at beginning of the year	3,381,181	12,093,970
Cash and cash equivalents at the end of the year	4,937,815	3,381,181

The notes on pages 11 to 17 form part of the Financial Statements.

Notes (forming part of the financial statements)

1 General Information

Qatari Diar Development Company (UK) Limited (the "Company") is a private company incorporated and domiciled in the England, UK.

Accounting Policies

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 years presented in these financial statements.

The newly adopted IFRSs which are effective for the first time in the year have not had a material effect on the financial statements.

The Company is assessing the effect of newly issued IFRSs not currently effective, but their adoption is not expected to have a material effect on future financial statements.

Going concern

In 2017, the parent company approved a corporate restructuring approved a corporate restructuring after which the business activities of the Company will cease to exist. Implementation of the corporate restructuring is imminent and as such, the directors have determined that it is not appropriate to prepare the financial statements on a going concern basis. As the Company's net assets are mainly cash and related party receivables, there was no write down of assets.

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. Subsequently to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. Given the nature of trade and other receivables, and their short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

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, less any impairment losses. . Given the nature of trade and other payables, and their short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

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.

Notes (continued)

Accounting policies (continued)

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 profit and loss.

Revenue and cost of sales

A transfer pricing margin is applied to the operating cost charged to profit and loss 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 nearly all revenue is generated within the group of QDREIC.

Cost of sales arise from the services that the company provides to its group companies which the company's main source of revenue. Revenue is recognised in accordance with IAS 18 Revenue once the services have been fully provided.

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 profit and loss. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in profit and loss 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)

	2016 £	2015 £
2 Revenue		
Rendering of services		
- to group companies	8,218,953	6,265,581
- to third party companies	-	3,226
	8,218,953	6,268,807

3 Other Income

This relates to the reinvoicing of costs to one of its customers that were previously borne by the Company. This exceptional recharge is not expected to be replicated in future periods.

4 Cost of Sales

This is made up of the costs incurred by the company some of which are recharged to group companies.

5 Operating loss	2016 £	2015 £
Included in the operating profit/(loss) are the following amounts paid to the auditor		
Audit of financial statements	10,900	10,300

6 Staff costs

The company does not have employees apart from its directors. Directors are not entitled to a salary for their service in 2016 (2015: £nil).

Notes (continued)

7 Taxation

Recognised in profit and loss

	2016 £	2015 £
Current tax expense		
Current tax expense	-	-
Prior year adjustment	-	-
Current tax charge/(credit)	-	-
Deferred tax expense		
Current year charge/(credit)	5,261,010	(312,810)
Prior year adjustment	29,607	20
Adjustment due to change in tax rates	(172,828)	572,453
Deferred tax charge	5,117,789	259,663
Total tax charge	5,117,789	259,663

Reconciliation of total tax charge/(credit)

	2016 £	2015 £
Profit/(loss) for the year	15,177,739	(2,150,135)
Tax at the UK standard corporation tax rate of 20% (2015:20.25%)	3,035,548	(435,329)
Prior year adjustment	29,607	20
Expenses not deductible for tax purposes	1,150	30
Reduction in tax rate	(172,828)	572,453
Utilization of tax losses and group relief surrendered	-	122,489
Deferred tax assets not recognised	2,224,312	-
Total tax charge	5,117,789	259,663

Recognised in the balance sheet

Deferred tax asset

	Tax losses £
Balance at 31 December 2015	(5,117,789)
Adjustment in respect of prior years	29,607
Charge for the year	5,088,182
Balance at 31 December 2016	-

The deferred tax asset totalling £2,224,312 has not been recognised in relation to tax losses carried forward. This is due to the fact that it is insufficiently certain that taxable profits will be generated to recover the asset.

Notes (continued)

8 Trade and other receivables

	2016	2015
	£	£
Accrued Income	335,858	-
Prepayments	14,429	10,048
	350,287	10,048

The accrued income relates to costs that were not recharged to GPS Holdings S.a.r.l and GS 16 S.a.r.l as at 31 December 2016.

9 Payables and provisions

	2016	2015
Current	£	£
Trade payables	48,901	26,123
VAT payable	4,778,257	145,084
Accruals	12,903,885	4,842,831
	17,731,043	5,014,038

The accruals relate to a commercial/legal dispute with a third party regarding the operation of the contract. In early 2017 the case was concluded and settled at a cost of £12m. (note 12)

10 Share capital

Allotted, called up and fully paid

	2016	2015
	£	£
1 ordinary share of £1	1	1

11 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. Given the nature of trade and other receivables, however and their short length of time between the origination and settlement, their amortised cost is the same as the fair value on date of origination.

Notes (continued)

Fair value of financial instruments (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.

There is no material difference between the carrying value and fair value of any of the Company's financial instruments.

12 Related parties

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**
2016			
Qatari Diar UK Limited	(1,532,975)	3,834,267	Charges due to sharing office services
Project Blue Limited	(2,077,188)	1,379,594	Provision of project monitoring services to group undertaking companies
QD Marina Tarragona S.L.U.	51,320	51,320	Provision of advisory services to group undertaking companies
QD Europe (Chancery) S.à r.l	28,985,415	28,985,415	Provision of development management services to group undertaking companies
QD Hotel & Property Investment Montenegro DOO	201,442	201,442	Provision of development management services to group undertaking companies
GPS Holdings S.à r.l	87,518	87,518	Provision of advisory services to group undertaking companies
GS 16 S.à r.l	282,338	282,338	Provision of advisory services to group undertaking companies
Qatari Diar Real Estate Investment Company	-	(37,960,528)	Funding from parent to cover costs

Notes (continued)

Related Party (cont'd)

Related party	**Amount of transaction £**	**Balance at 31 December £**	**Details of transaction**
2015			
Qatari Diar UK Limited	6,095,830	5,367,242	Charges due to sharing office services
Project Blue Limited	2,176,462	3,456,782	Provision of project monitoring services to group undertaking companies
Braeburn Estates Development Management Limited	836,356	-	Provision of project monitoring services to group undertaking companies
Qatari Diar Real Estate Investment Company	-	(37,960,528)	Funding from parent to cover costs

All amounts are interest free and repayable on demand.

No amounts were paid to the Company's directors (2015: £nil).

13 Ultimate parent company and parent company of larger group

The company is a wholly owned subsidiary undertaking of QDREIC which is the ultimate parent company incorporated in Qatar.

The only group in which the results of the company are consolidated is QDREIC incorporated in Qatar. The consolidated financial statements of this group are not available to the public.

14 Subsequent Event

The Company settled a commercial dispute in early 2017 for the sum of £12m.An accrual for this cost and associated legal fees has been included in these accounts.