ISTITHMAR P&O ESTATES LIMITED (FORMERLY ISTITHMAR INTERNATIONAL LIMITED)

REPORT AND FINANCIAL STATEMENTS

24 DECEMBER 2010

Registered No. 805591

Directors
G Brooks
I G H Barnett
E E Wilson
R O Keshiro
G B Corser
A J Watson
A C S Coffey

Secretary
C M Coombe

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office
16 Palace Street
London SW1E 5JQ

Registered No 805591

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 24 December 2010

Results and dividends

The profit for the year, after taxation, is £810,163 (2009 loss of £34,514) The directors do not recommend the payment of a dividend

Principal activity and review of business

The company's principal activity is acting as a property investment holding company The company has not engaged in any commercial trading activity during the year

The company is a wholly owned subsidiary of P&O Property Holdings Limited On 7 January 2011, the company changed its name from Istithmar International Limited to Istithmar P&O Estates Limited

Principal risks and uncertainties and going concern

Impairment of investments in subsidiaries

The financial performance of subsidiary undertakings may affect their carrying value The carrying value of these investments is monitored regularly for indications of impairment

In respect of going concern, after making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors

The directors of the company who held office during the year and up to the date of this report were as follows

A H Fletcher (resigned 28 February 2011)
G Brooks
I G H Barnett
E E Wilson
R O Keshiro
G B Corser
A J Watson
A C S Coffey

DIRECTORS' REPORT

Directors' Indemnity Insurance

All directors are entitled to contractual indemnification from the Company to the extent permitted by law against claims and legal expenses incurred in the course of their duties

Such qualifying third party indemnity insurance is provided and remains in force as at the date of approving the directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving the audit report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

Ernst & Young LLP are auditors to the Company and a resolution is to be proposed at the Annual General Meeting in accordance with section 485 of the Companies Act 2006 that they be replaced by PricewaterhouseCoopers LLP

On behalf of the board

R O Keshiro
Director
22 September 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The dırectors are responsıble for preparıng the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law)

Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng those financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make judgements and estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subject to any materıal departures dısclosed and explaıned ın the financıal statements, and
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng proper accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ISTITHMAR P&O ESTATES LIMITED (FORMERLY ISTITHMAR INTERNATIONAL LIMITED)

We have audited the financial statements of Istithmar P&O Estates Limited for the year ended 24 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 7 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's 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 Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ISTITHMAR P&O ESTATES LIMITED (FORMERLY ISTITHMAR INTERNATIONAL LIMITED)

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 24 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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

Ernst & Young LLP

Adrian Mulea (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 September 2011

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 24 DECEMBER 2010

	Notes	2010 £	2009 £
Movement on investment impairment provision		**809,945**	(33,278)
Operating profit/(loss) on ordinary activities before taxation	2	**809,945**	(33,278)
Tax on profit/(loss) on ordinary activities	3	**218**	(1,236)
Profit/(loss) on ordinary activities after taxation		**810,163**	(34,514)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 24 DECEMBER 2010

There were no recognised gains and losses attributable to the shareholders other than the profit of £810,163 for the year ended 24 December 2010 (2009 loss of £34,514)

BALANCE SHEET
AT 24 DECEMBER 2010

	Notes	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Investments in subsidiary undertakings	4	**7,447,130**		6,637,185	
			7,447,130		6,637,185
Current assets					
Debtors: Amounts falling due within one year					
Group relief receivable		**218**		-	
Creditors: amounts falling due within one year					
Group relief payable		-		(143,331)	
Amounts due to group undertakings		**(6,211,644)**		(6,068,313)	
			(6,211,426)		(6,211,644)
Net assets			**1,235,704**		425,541
Capital and reserves					
Called up share capital	5		**250,000**		250,000
Profit and loss account	6		**985,704**		175,541
Equity shareholder's funds			**1,235,704**		425,541

R O Keshiro
Director
22 September 2011

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements of Istithmar P&O Estates Limited were approved for issue by the Board of Directors on 22 September 2011

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards

The company is a wholly owned subsidiary of P&O Property Holdings Limited On 7 January 2011 the company changed its name from Istithmar International Limited to Istithmar P&O Estates Limited

Group financial statements are not prepared because the company is itself a wholly owned subsidiary undertaking of another company incorporated in England and Wales which, in turn, is a wholly owned subsidiary of a company incorporated in Dubai which prepares consolidated accounts which are available on request

Investments

Investments are recorded at cost less any provision for impairment Impairment losses are recognised in the profit and loss account in the accounting period in which they arise

Cash flow statement

The company has taken advantage of the exemption available to it under FRS1 (revised) "Cash Flow Statements" not to prepare a statement of cash flows, on the grounds that the company is wholly owned and its ultimate parent undertaking, Dubai World, prepares a consolidated statement of cash flows

Related party transactions

The company has taken advantage of the exemption available to it under FRS8 "Related Party Disclosures" not to disclose transactions with other group companies There were no other related party transactions during the year

Taxation

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items

Full provision has been made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future except that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS
AT 24 DECEMBER 2010

2 OPERATING PROFIT/(LOSS)

(a) The company's business is organised in the United Kingdom

(b) The basis of charging intra-group interest is agreed between the parties from time to time

(c) The company has no employees (2009 none) The directors are also directors/employees of, and were paid by, other group undertakings The directors do not believe that it is practicable to apportion these emoluments between their services as directors of the company and their services as directors/employees of other group undertakings

(d) Fees for audit and non-audit services provided by Ernst & Young LLP to the company have been borne by other group undertakings It is not practicable to ascertain what proportion of such fees relates to the company

3 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Tax on profit/(loss) on ordinary activities

The tax credit/(charge) is made up as follows

	2010	2009
	£	£
Current tax		
UK corporation tax at 28% (2009 28%)	218	273
Tax underprovided in previous years	-	(1,509)
Total current tax on profit/(loss) on ordinary activities (note 3(b))	218	(1,236)

(b) Factors affecting the tax credit/(charge)

The tax assessed on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are reconciled below

	2010	2009
	£	£
Profit/(loss) on ordinary activities before tax	809,945	(33,278)
Profit/(loss) on ordinary activities multiplied by the current rate of corporation tax in the UK of 28% (2009 28%)	(226,785)	9,318
Expenses not deductible for tax purposes	-	(9,318)
Income not assessable for tax purposes	226,785	-
Capital allowances in excess of depreciation	218	273
Tax underprovided in previous years	-	(1,509)
Total current tax credit/(charge) (note 3(a))	218	(1,236)

(c) Unrecognised deferred tax

A deferred tax asset of £811 (2009 £1,091) has not been recognised in respect of decelerated capital allowances The asset is unrecognised as there is uncertainty as to whether there will be suitable profits and gains available for offset in the future

3 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

(d) Factors affectıng future tax charges

In hıs budget on 23 March 2011, the Chancellor of the Exchequer announced a decrease ın the rate of UK corporatıon tax from 28% to 26% from 1 Aprıl 2011, and then by a further 1% per annum to 23% by 2014 The rate change wıll ımpact the amount of future tax charges recognısed by the company However, ıt ıs not consıdered to have any materıal effect on the current year results

The company wıll only recognısed the ımpact of these rate changes ın ıts financıal statements once they are substantıvely enacted However, for ındicatıve purposes only, the maxımum effect of the proposed reductıon ın the corporate ıncome tax rate to 23% ıs to reduce the unrecognısed deferred tax balance as at 24 December 2010 to £717

4 INVESTMENTS

Shares ın subsıdıary undertakıngs	2010 £
Net book value at 25 December 2009	6,637,185
Reversal of ımpaırment	809,945
Net book value at 24 December 2010	7,447,130

The company's subsıdıary undertakıngs at the date of the balance sheet are set out below All are wholly owned, regıstered ın England and Wales, and engaged ın property ınvestment, development or dealıng

		Principal Activity	Class of Capital	Proportion of voting rights and shares held
P&O Estates Lımıted	Actıve	Servıce Organısatıon & Investment	Ordınary	100%
Leonora Investment Company Lımıted	Actıve	Property Investment	Ordınary	100%
Leonora Estates Lımıted	Dormant	Property Development & Dealıng	Ordınary	100%
Charlwood Allıance Propertıes Lımıted	Dormant	Property Investment & Holdıng	Ordınary	100%
Leonora Estates (Mıll Hıll) Lımıted	Dormant	Property Development	Ordınary	100%

In the opınıon of the dırectors, the value of the shares ın the subsıdıary undertakıngs ıs not less than the amount shown ın the balance sheet

5 AUTHORISED AND ISSUED SHARE CAPITAL

Authorised	**2010**	2009
	£	£
250,000 ordinary shares at £1 each	**250,000**	250,000

Allotted, called up and fully paid	**2010**	2009
	£	£
250,000 ordinary shares at £1 each	**250,000**	250,000

6 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	*Profit and loss account*	*Total share-holders' funds*
	£	£	£
At 25 December 2008	250,000	210,055	460,055
Loss for the year	-	(34,514)	(34,514)
At 24 December 2009	250,000	175,541	425,541
Profit for the year	-	810,163	810,163
At 24 December 2010	250,000	985,704	1,235,704

7 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking at 24 December 2010 is P&O Property Holdings Limited, a company incorporated in the United Kingdom

The smallest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Istithmar Buildings FZE, a company incorporated in Dubai The consolidated financial statements of this group are available on request from 6th Floor, Building No 4, The Galleries, Downtown Jebel Ali, Dubai, United Arab Emirates

The largest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is Dubai World The consolidated financial statements of this group are available on request from P O Box 1700, Dubai, United Arab Emirates