

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

**REPORT AND FINANCIAL STATEMENTS**

**24 DECEMBER 2010**

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COMPANIES HOUSE

**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

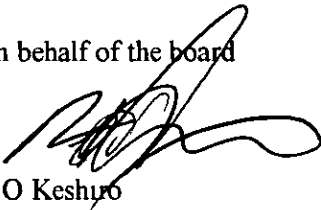
### **Disclosure of information to the auditors**

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 Keshuro  
Director

22 September 2011

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper 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.

## **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

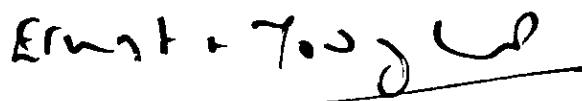
**Opinion on other matter prescribed by the Companies Act 2006**

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



*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**

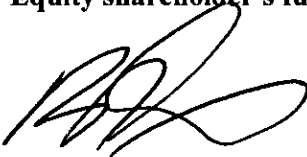
	Notes	2010 £	2009 £
Movement on investment impairment provision		<b>809,945</b>	<b>(33,278)</b>
<b>Operating profit/(loss) on ordinary activities before taxation</b>	2	<b>809,945</b>	<b>(33,278)</b>
Tax on profit/(loss) on ordinary activities	3	<b>218</b>	<b>(1,236)</b>
<b>Profit/(loss) on ordinary activities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

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



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 £
<i>Current tax</i>		
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))	<u>218</u>	<u>(1,236)</u>

- (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	<u>809,945</u>	<u>(33,278)</u>
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))	<u>218</u>	<u>(1,236)</u>

- (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

**NOTES TO THE FINANCIAL STATEMENTS  
AT 24 DECEMBER 2010**

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

(d) Factors affecting future tax charges

In his budget on 23 March 2011, the Chancellor of the Exchequer announced a decrease in the rate of UK corporation tax from 28% to 26% from 1 April 2011, and then by a further 1% per annum to 23% by 2014. The rate change will impact the amount of future tax charges recognised by the company. However, it is not considered to have any material effect on the current year results.

The company will only recognise the impact of these rate changes in its financial statements once they are substantively enacted. However, for indicative purposes only, the maximum effect of the proposed reduction in the corporate income tax rate to 23% is to reduce the unrecognised deferred tax balance as at 24 December 2010 to £717.

**4 INVESTMENTS**

Shares in subsidiary undertakings	<b>2010</b>
	<b>£</b>
Net book value at 25 December 2009	<b>6,637,185</b>
Reversal of impairment	<b>809,945</b>
Net book value at 24 December 2010	<b><u>7,447,130</u></b>

The company's subsidiary undertakings at the date of the balance sheet are set out below. All are wholly owned, registered in England and Wales, and engaged in property investment, development or dealing.

		<b>Principal Activity</b>	<b>Class of</b>	<b>Proportion of voting rights and Capital shares held</b>
P&O Estates Limited	Active	Service Organisation & Investment	Ordinary	100%
Leonora Investment Company Limited	Active	Property Investment	Ordinary	100%
Leonora Estates Limited	Dormant	Property Development & Dealing	Ordinary	100%
Charlwood Alliance Properties Limited	Dormant	Property Investment & Holding	Ordinary	100%
Leonora Estates (Mill Hill) Limited	Dormant	Property Development	Ordinary	100%

In the opinion of the directors, the value of the shares in the subsidiary undertakings is not less than the amount shown in the balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
AT 24 DECEMBER 2010**

**5 AUTHORISED AND ISSUED SHARE CAPITAL**

<b>Authorised</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
250,000 ordinary shares at £1 each	<b>250,000</b>	250,000
<b>Allotted, called up and fully paid</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
250,000 ordinary shares at £1 each	<b>250,000</b>	250,000

**6 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	<b>£</b>	<b>£</b>	<b>£</b>
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