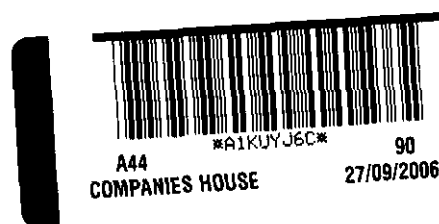


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**Company Registration No. 4828056**

**PRECIS (2374) LIMITED**

**Report and Financial Statements**

**31 December 2005**



14/09/2006  
AC09PREC5

# **PRECIS (2374) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

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# **PRECIS (2374) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTOR**

Dr Hussain Al-Abdulla

#### **SECRETARY**

Jordan Company Secretaries Limited

#### **REGISTERED OFFICE**

20-22 Bedford Row  
London  
WC1R 4JS

#### **SOLICITORS**

Herbert Smith LLP  
Exchange House  
Primrose Street  
London  
EC2A 2HS

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
Cambridge

# **PRECIS (2374) LIMITED**

## **DIRECTOR'S REPORT**

The director presents his annual report and the audited financial statements for the year ended 31 December 2005.

### **ACTIVITIES**

The principal activity of the company is to act as the limited partner of a partnership which holds an investment property.

### **REVIEW OF DEVELOPMENTS**

The director is pleased with the results overall and expects profits to increase in future years.

### **DIVIDENDS**

The director does not recommend the payment of a dividend for the year.

### **POST BALANCE SHEET EVENTS**

On 10 January 2006 The London Wall Limited Partnership sold its only property investment for £204,000,000. The company has no plans to make further property investments.

### **DIRECTOR AND HIS INTERESTS**

The director of the company who served throughout the year was as follows:

Dr Hussain Al-Abdulla

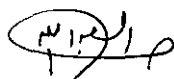
The director had no interest in the shares of the company at 31 December 2005 or at any time during the year ended at that date.

The company is a wholly owned subsidiary of a company incorporated outside Great Britain and, as permitted by statutory instrument, no disclosure is made of any interest of the director in the shares or share options of that company.

### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the director



**Dr Hussain Al-Abdulla**

Director



14 September 2006

## **PRECIS (2374) LIMITED**

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Annual Report and the financial statements. The director has chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

United Kingdom company law requires the director to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for the system of internal control, 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 MEMBERS OF PRECIS (2374) LIMITED**

We have audited the financial statements of Precis (2374) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the director and auditors**

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Cambridge, United Kingdom

26 September 2006

## PRECIS (2374) LIMITED

### PROFIT AND LOSS ACCOUNT

Year ended 31 December 2005

	Note	Year ended 31 December 2005 £	10 July 2003 to 31 December 2004 £
Administrative expenses	2	(31,030)	(30,000)
<b>OPERATING LOSS</b>		(31,030)	(30,000)
Income from fixed asset investments	1	5,712,792	8,386,300
Interest receivable and similar income	3	81,658	66,914
Interest payable and similar charges	4	(3,456,654)	(6,621,217)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,306,766	1,801,997
Tax on profit on ordinary activities	5	(582,889)	(684,353)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	11	<u>1,723,877</u>	<u>1,117,644</u>

The company's results for the year above are derived entirely from continuing activities.

The company has no recognised gains and losses other than those shown above, and therefore no separate statement of total recognised gains and losses has been presented.

# PRECIS (2374) LIMITED

## BALANCE SHEET 31 December 2005

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Investments	6	<u>70,420,013</u>	<u>70,420,013</u>
<b>CURRENT ASSETS</b>			
Debtors	7	11,448,154	7,395,318
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(79,026,644)</u>	<u>(76,697,685)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(67,578,490)</u>	<u>(69,302,367)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,841,523</u>	<u>1,117,646</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	2	2
Profit and loss account	11	<u>2,841,521</u>	<u>1,117,644</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	12	<u>2,841,523</u>	<u>1,117,646</u>

These financial statements were approved by the Director on 14 September 2006



**Dr Hussain Al-Abdulla**

Director





# PRECIS (2374) LIMITED

## CASH FLOW STATEMENT Year ended 31 December 2005

	Note	Year ended 31 December 2005 £	10 July 2003 to 31 December 2004 £
Net cash inflow from operating activities	13	2,264,238	1,608,097
<b>Returns on investments and servicing of finance</b>			
Interest received		81,658	66,914
Interest paid		(20,505)	-
<b>Net cash inflow from returns on investments and servicing of finance</b>		61,153	66,914
<b>Taxation</b>			
Corporation tax paid		(2,325,391)	-
<b>Tax paid</b>		(2,325,391)	-
<b>Capital expenditure</b>			
Payments to acquire fixed asset investments		-	(70,420,013)
<b>Net cash outflow from capital expenditure</b>		-	(70,420,013)
<b>Net cash outflow before financing</b>		-	(68,745,002)
<b>Financing</b>			
Issue of ordinary share capital		-	2
Loans received repayable in less than one year		-	68,745,000
<b>Net cash inflow from financing</b>		-	68,745,002
<b>Increase in cash and cash equivalents</b>		-	-

# **PRECIS (2374) LIMITED**

## **NOTES TO THE ACCOUNTS** **Year ended 31 December 2005**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding period.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention.

#### **Income from fixed asset investments**

Income from other fixed asset investments, arising within the United Kingdom, is attributable to a partnership agreement with The London Wall LP. From this agreement the company, in its capacity as a limited partner, is entitled to receive profits or losses equal to 99.99% of the aggregate capital contributions made. This is accounted for on an accruals basis.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

#### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

### **2. ADMINISTRATIVE EXPENSES**

The company had no employees during the year or preceding period, other than the director, who received no remuneration for his services to the company.

Administrative expenses include £10,000 (2004 - £10,000) in respect of auditors' remuneration and non-audit fees of £20,000 (2004 - £20,000).

### **3. INTEREST RECEIVABLE AND SIMILAR INCOME**

Bank interest received on a client bank account held by the company's solicitors - £81,658 (2004 - £66,914).

# PRECIS (2374) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2005

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2005 £	10 July 2003 to 31 December 2004 £
Interest payable on Borrowings	3,436,149	6,621,217
Overdue tax	20,505	-
	<u>3,456,654</u>	<u>6,621,217</u>

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2005 £	10 July 2003 to 31 December 2004 £
<i>Current taxation:</i>		
United Kingdom corporation tax	282,980	1,055,531
<i>Deferred taxation:</i>		
Timing differences, origination and reversal	299,909	(371,178)
Tax on profit on ordinary activities	<u>582,889</u>	<u>684,353</u>

The standard rate of tax for the year based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year and preceding period differs from the standard rate for the reasons set out in the following reconciliation.

	Year ended 31 December 2005 £	10 July 2003 to 31 December 2004 £
<i>Reconciliation of current tax charge:</i>		
Profit on ordinary activities before taxation	2,306,766	1,801,997
Tax on profit on ordinary activities at standard rate	692,030	540,599
<i>Factors affecting charge for the year:</i>		
Expenses not deductible for tax purposes	11,654	912
Capital allowances in excess of depreciation	(60,303)	(98,368)
Other timing differences	(360,401)	612,388
<i>Current tax charge for the year</i>	<u>282,980</u>	<u>1,055,531</u>

## PRECIS (2374) LIMITED

### NOTES TO THE ACCOUNTS

Year ended 31 December 2005

#### 6. FIXED ASSET INVESTMENTS

Under a Restated Limited Partnership Agreement dated 21 October 2003 the company acquired a Partnership Interest in The London Wall Limited Partnership. The London Wall Limited Partnership was registered as a limited partnership on 14 June 2002 under the Delaware Act, Delaware, USA. The principal activity of the partnership is that of property investment.

	2005 £	2004 £
Capital investment	66,999,990	66,999,990
Acquisition costs	3,420,023	3,420,023
	<u>70,420,013</u>	<u>70,420,013</u>

#### 7. DEBTORS

	2005 £	2004 £
Amount due from The London Wall Limited Partnership	10,388,052	7,022,187
Amount due from group undertaking	1,941	1,941
Other debtors	12	12
Deferred taxation (note 9)	71,269	371,178
UK corporation tax repayable	986,880	-
	<u>11,448,154</u>	<u>7,395,318</u>

All amounts are due within one year.

# PRECIS (2374) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2005

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Loans - unsecured	78,126,058	57,870,231
Amount due to group undertaking	840,586	17,741,923
UK corporation tax	-	1,055,531
Accruals	60,000	30,000
	<u>79,026,644</u>	<u>76,697,685</u>

### 9. DEFERRED TAXATION

The movement in the deferred taxation asset during the year was:

	£
At 1 January 2005	371,178
Charge to profit and loss account	(299,909)
At 31 December 2005	<u>71,269</u>

The deferred taxation asset included in the balance sheet is as follows:

	2005 £	2004 £
Included in debtors (note 7)	<u>71,269</u>	<u>371,178</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

Excess of taxation allowances over depreciation on fixed assets	(180,907)	(241,210)
Other timing differences	<u>252,176</u>	<u>612,388</u>
	<u>71,269</u>	<u>371,178</u>

The other timing differences arose due to interest payable in the profit and loss account not being allowable for taxation purposes until it is paid.

# PRECIS (2374) LIMITED

## NOTES TO THE ACCOUNTS Year ended 31 December 2005

### 10. CALLED UP SHARE CAPITAL

	2005 £	2004 £
<b>Authorised:</b>		
100 ordinary shares of £1 each	100	100
<b>Called up, allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

### 11. STATEMENT OF MOVEMENT IN RESERVES

	£
At 1 January 2005	1,117,644
Profit for the year	1,723,877
At 31 December 2005	2,841,521

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 December 2005 £	10 July 2003 to 31 December 2004 £
Opening shareholders' funds	1,117,646	-
Profit for the financial year	1,723,877	1,117,644
Shares issued in the year	-	2
Closing shareholders' funds	2,841,523	1,117,646

## **PRECIS (2374) LIMITED**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2005**

#### **13. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Year ended 31 December 2005 £</b>	<b>10 July 2003 to 31 December 2004 £</b>
Operating loss	(31,030)	(30,000)
Income from other fixed asset investment	5,712,792	8,386,300
Increase in debtors	(3,365,865)	(7,395,318)
(Decrease) increase in creditors	(51,659)	647,115
Net cash inflow from operating activities	<u>2,264,238</u>	<u>1,608,097</u>

#### **14. RELATED PARTY TRANSACTIONS**

Zoarah Limited is a company registered in the British Virgin Islands and is the immediate parent company of Precis (2374) Limited.

The aggregate amount of interest on the Qatar Investment Authority loan and the amount due to Zoarah Limited for the year charged to the profit and loss account was £3,436,149 (period 10 July 2003 to 31 December 2004 - £6,621,217).

The balances due to the State Government of Qatar and Zoarah Limited at the balance sheet date were £78,126,058 (2004 - £57,870,231) and £840,586 (2004 - £17,741,923) respectively.

The balances due from Zoarah Limited at the balance sheet date was £1,941 (2004 - £1,941).

#### **15. ULTIMATE PARENT COMPANY**

The directors regard Varteria Limited, a company registered in the British Virgin Islands, as the ultimate parent company and Qatar Investment Authority, an entity owned by the State Government of Qatar, as the ultimate controlling party.

Neither the immediate or ultimate parent company is required to produce consolidated accounts which incorporate the results of the company for the year.

#### **16. POST BALANCE SHEET EVENTS**

On 10 January 2006 The London Wall Limited Partnership to which the company acts as a limited partner sold its only property investment for £204,000,000. The partnership has no plans to make further property investments.