CANARY WHARF DEVELOPMENTS LIMITED
Registered Number: 6199021

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE PERIOD FROM INCORPORATION ON 2 APRIL 2007 TO 31 DECEMBER 2007

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CANARY WHARF DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

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CANARY WHARF DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2007

The directors present their report with the audited financial statements for the period ended 31 December 2007 This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company was incorporated on 2 April 2007 with an authorised share capital of 20,000,000 ordinary £1 00 shares, of which 1 share was issued at par

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Songbird Estates plc

The principal activity of the company during the period was to act as an investment company

During the period the company acquired 99 9% of the units in the Heron Quays West Investments Unit Trust for a consideration of £3,014,304 (including fees)

The company also acquired the entire share capital of Canary Wharf (Drapers Gardens) Limited for a consideration of £1

As shown in the company's profit and loss account, the company's loss after tax for the period was £32,286

The balance sheet shows the company's financial position at the period end and indicates that net liabilities were £32,285 Details of amounts owed to group companies are shown in Note 6

Details of significant events since the balance sheet date are contained in note 10

DIVIDENDS AND RESERVES

The profit and loss account for the period ended 31 December 2007 is set out on page 6 No dividends have been paid or proposed and the retained loss of £32,286 has been transferred from reserves

FINANCIAL POSITION

The company is in a net liability position at the period end Canary Wharf Group plc, the company's parent undertaking, has agreed to provide or procure adequate financial resources to allow the company to continue its operations, and has also agreed to make available any funds that may be required for the company to meet its obligations as they fall due, for a period of not less than 12 months from the signing date of the financial statements

CANARY WHARF DEVELOPMENTS LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2007

DIRECTORS

The directors of the company throughout the penod ended 31 December 2007, except as noted, were

A P Anderson II	(Appointed 2 April 2007)
G Iacobescu	(Appointed 2 April 2007)
R Lyons	(Appointed 2 April 2007)
Mawlaw Corporate Services Limited	(Served from 2 April 2007 to 2 April 2007)

The group has in place liability insurance covering the directors and other officers of group companies

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each director holding office at the date of this report has taken all the steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware

This confirmation is given and should be interpreted in accordance with the provisions of Section 234 ZA of the Companies Act 1985

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming annual general meeting

BY ORDER OF THE BOARD

Joint Secretary 29 October 2008

A M Holland

Registered office
30th Floor
One Canada Square
Canary Wharf
London
E14 5AB

CANARY WHARF DEVELOPMENTS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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) The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the year then ended In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments 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,
- 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 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 1985 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

CANARY WHARF DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF DEVELOPMENTS LIMITED

We have audited the financial statements of Canary Wharf Developments Limited for the period from incorporation on 2 April 2007 to 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 11 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

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 directors 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

CANARY WHARF DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF DEVELOPMENTS LIMITED

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 company's affairs as at 31 December 2007 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, UK

29 October 2008

CANARY WHARF DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2007

	Note	Period from 2 April 2007 to 31 December 2007 £
OPERATING PROFIT	**2**	–
Exceptional item		
Provision against investment	**4**	(32,286)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(32,286)
Tax on loss on ordinary activities	**3**	–
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD	**8**	(32,286)

Movements in reserves are shown in Note 8 of these financial statements

All amounts relate to continuing activities in the United Kingdom

There were no recognised gains and losses for the period ended 31 December 2007 other than those included in the profit and loss account

The Notes on pages 8 to 12 form an integral part of these financial statements

CANARY WHARF DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 December 2007 £
FIXED ASSETS		
Investments	4	2,991,011
CURRENT ASSETS		
Debtors	5	30
CREDITORS: Amounts falling due within one year	6	(3,023,326)
NET CURRENT LIABILITIES		(3,023,296)
TOTAL ASSETS LESS CURRENT LIABILITIES		(32,285)
NET LIABILITIES		(32,285)
CAPITAL AND RESERVES		
Called-up share capital	7	1
Profit and loss account	8	(32,286)
SHAREHOLDER'S DEFICIT	9	(32,285)

The Notes on pages 8 to 12 form an integral part of these financial statements

APPROVED BY THE BOARD ON 29 OCTOBER 2008 AND SIGNED ON ITS BEHALF BY

R J J LYONS
DIRECTOR

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period, is set out below

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

In accordance with the provisions of FRS 1 (Revised) the company is exempt from the requirements to prepare a cash flow statement, as it is a wholly-owned subsidiary of Canary Wharf Group plc, which has prepared a consolidated cash flow statement

Investments in subsidiary undertakings

The company's investment in subsidiary undertakings is stated at cost less any provision for impairment

Investments

The investment in the Jersey Property Unit Trust is carried at the company's share of net assets The company's share of the realised profit or loss of the Jersey Property Unit Trust is recorded in the profit and loss account and the company's share of any unrealised profit of the Jersey Property Unit Trust is taken to the revaluation reserve.

2. OPERATING PROFIT

None of the directors received any emoluments in respect of their services to the company during the period

No staff were employed by the company during the period

Auditors' remuneration of £500 for the audit of the company has been borne by another group undertaking

3. TAXATION

	Period from 2 April 2007 to 31 December 2007 £
Current tax	
UK Corporation tax (see below)	–
Tax reconciliation	
Loss on ordinary activities before tax	(32,286)
Tax on loss on ordinary activities at UK corporation tax rate of 30%	(9,686)
Effects of	
Expenses not deductible for tax purposes	6,989
Tax losses and other timing differences	2,697
Current tax charge for the period	–

No provision for taxation has been made in view of the tax loss for the period It is anticipated that tax losses will impact on future tax charges There is no unprovided deferred taxation

4. INVESTMENTS

	31 December 2007 £
Initial contribution	2,991,009
Capitalised fees	23,295
Provision for diminution in value	(32,286)
Investment in Jersey Property Unit Trust	2,982,018
Investment in subsidiary undertakings	8,993
	2,991,011

At 31 December 2007 the company held 99 9% of the units in the Heron Quays West Investment Unit Trust

At 31 December 2007 the company's subsidiary undertakings were as follows

Name	Description of shares held	Principal activities
Canary Wharf (Drapers Gardens) Limited	Ordinary £1 shares	Holding company
Canada Square (Pavilion) Limited (Formerly Canary Wharf (Arrowhead) Limited)	Ordinary £1 shares	Developer
Heron Quays West GP (One) Limited	Ordinary £1 shares	Holding company
Heron Quays West GP (Two) Limited	Ordinary £1 shares	Holding company
Heron Quays West LP (One) Limited	Ordinary £1 shares	Holding company
Heron Quays West LP (Two) Limited	Ordinary £1 shares	Holding company

The above are wholly owned subsidiaries registered in England and Wales, with the exception of Heron Quays West GP (One) Limited and Heron Quays West GP (Two) Limited, which are registered in Scotland

In accordance with Section 228 of Companies Act 1985, financial information is only presented in these financial statements about the company as an individual undertaking and not about its group because the company and its subsidiary undertakings are included in the consolidated financial statements of a larger group (Note 11)

The directors are of the opinion that the value of the company's investments at 31 December 2007 was not less than the amount shown in the company's balance sheet

5. DEBTORS

	31 December 2007 £
Amount owed by subsidiary undertaking	30

6. CREDITORS: Amounts falling due within one year

	31 December 2007 £
Loan from parent undertaking	3,000,000
Amount owed to subsidiary undertaking	1
Amount owed to fellow subsidiary undertaking	23,325
	3,023,326

The loan from a parent undertaking is interest free and is repayable on demand

7. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2007 £
20,000,000 Ordinary shares of £1 each	20,000,000

Allotted, called up and fully paid:

	31 December 2007 £
1 Ordinary share of £1	1

The company was incorporated on 2 April 2007 with an authorised share capital of 20,000,000 ordinary £1 00 shares, of which 1 share was issued at par

8. RESERVES

	Profit and loss account £
At 2 April 2007	–
Loss for the period	(32,286)
At 31 December 2007	(32,286)

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	31 December 2007 £
Issue of ordinary share capital	1
Loss for the period	(32,286)
Closing shareholders' deficit	(32,285)

10. POST BALANCE SHEET EVENTS

On 26 March 2008, subsequent to the period end, the company subscribed for the entire share capital of Canary Wharf Investments (RSNQ) Limited for a consideration of £34 5 million and made loans to that company totalling £321 4 million

This was funded by way of a £355 9 million interest free loan from the company's parent undertaking

11. RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf Group Plc and its ultimate parent undertaking is Songbird Estates plc Both companies are registered in England and Wales

As at 31 December 2007, Songbird Estates plc was the parent company of the largest group of which the company is a member and Canary Wharf Group plc was the parent undertaking of the smallest group of which the company is a member Copies of the financial statements of Songbird Estates plc and Canary Wharf Group plc may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB

The directors have taken advantage of the exemption in paragraph 3(c) of FRS8 allowing the company not to disclose related party transactions with respect to other group companies