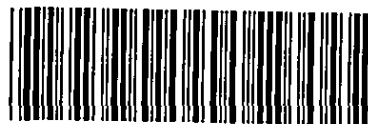


CANARY WHARF DEVELOPMENTS LIMITED
Registered Number: 6199021

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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CANARY WHARF DEVELOPMENTS LIMITED

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CANARY WHARF DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report with the audited financial statements for the year ended 31 December 2011. This report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

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 year was to act as an investment company.

In July 2011, Canary Wharf Group plc and Qatari Diar Real Estate Investment Company concluded an agreement to redevelop the Shell Centre. The group and Qatari Diar Real Estate Investment Company have entered into a 50/50 joint venture and have committed to contributing £150.0m each to the joint venture to secure the 5.25 acre site on a 999 year lease. The aggregate £300.0m payment for the site is conditional on planning permission being received for the project within three years. The group will act as construction manager for the project and will also be joint development manager with Qatari Diar Real Estate Investment Company.

The joint venture takes the form of a partnership with Canary Wharf (PB) Unit Trust holding the group's 49.95% direct investment in the partnership. Canary Wharf (PB) Unit Trust is held 1% by the company and 99% by a new wholly owned subsidiary of the company, Canary Wharf (PB) Jersey Limited. The other 0.05% interest in the partnership is held indirectly via a 50% interest in Braeburn Estates (GP) Limited, the general partner of the partnership.

There have been no significant events since the balance sheet date.

As shown in the company's profit and loss account, the company's profit after tax for the year was £5,903,302 (2010: £5,442,200).

The balance sheet shows the company's financial position at the year end and indicates that net assets were £38,811,586 (2010: £32,908,284). Details of amounts owed to group companies are shown in Note 8.

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2011 is set out on page 6. No dividends have been paid or proposed (2010: £Nil) and the retained profit of £5,903,302 (2010: profit of £5,442,200) has been transferred to reserves.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position, are set out in this Directors' Report. The finances of the company and its liquidity position and borrowings are, where appropriate, also described in this report.

The company is in a net asset position at the year end. In addition, as a member of the Canary Wharf Group, the company has access to considerable resources.

Having made the requisite enquiries, the directors have a reasonable expectation that the company will have adequate resources to continue its operations for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

CANARY WHARF DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS

The directors of the company throughout the year ended 31 December 2011 were

A P Anderson II
Sir George Iacobescu CBE
R J J Lyons

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2011 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

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 auditor is aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

BY ORDER OF THE BOARD



J R Garwood

Company Secretary

6 September 2012

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

Registered Number 6199021

CANARY WHARF DEVELOPMENTS LIMITED

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 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.

CANARY WHARF DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF DEVELOPMENTS LIMITED

We have audited the financial statements of Canary Wharf Developments Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 12. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, 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. 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 2011 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 matters 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.

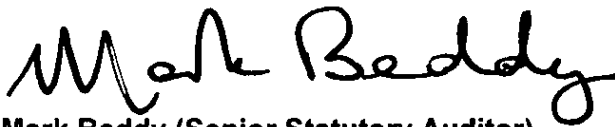
CANARY WHARF DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF DEVELOPMENTS LIMITED

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, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountant and Statutory Auditor

6 September 2012

CANARY WHARF DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Administrative expenses		—	(7,489)
OPERATING LOSS	2	—	(7,489)
Income from shares in group undertakings	6	184	(185)
Exceptional item			
Movement in provision against investment in JPUT	6	(41,762)	(32,103)
Interest receivable and similar income	3	5,944,880	5,482,018
Interest payable and similar charges	4	—	(41)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,903,302	5,442,200
Tax on profit on ordinary activities	5	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	10	5,903,302	5,442,200

Movements in reserves are shown in Note 10 of these financial statements

All amounts relate to continuing activities in the United Kingdom

There were no recognised gains and losses for the year ended 31 December 2011 or the year ended 31 December 2010 other than those included in the profit and loss account

The Notes on pages 8 to 14 form an integral part of these financial statements

CANARY WHARF DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	31 December 2011 £	31 December 2010 £
FIXED ASSETS			
Investments	6	55,929,427	53,843,483
CURRENT ASSETS			
Debtors	7		
Amounts falling due after one year		17,000,000	–
Amounts falling due within one year		166,813,621	152,150,542
Cash at bank		–	110,309
		183,813,621	152,260,851
CREDITORS: Amounts falling due within one year	8	(200,931,462)	(173,196,050)
NET CURRENT LIABILITIES		(17,117,841)	(20,935,199)
TOTAL ASSETS LESS CURRENT LIABILITIES		38,811,586	32,908,284
NET ASSETS		38,811,586	32,908,284
CAPITAL AND RESERVES			
Called-up share capital	9	1	1
Profit and loss account	10	38,811,585	32,908,283
SHAREHOLDERS' FUNDS	11	38,811,586	32,908,284

The Notes on pages 8 to 14 form an integral part of these financial statements

APPROVED BY THE BOARD ON 6 SEPTEMBER 2012 AND SIGNED ON ITS BEHALF BY



R J J LYONS
DIRECTOR

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. PRINCIPAL ACCOUNTING POLICIES

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

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of certain investments as discussed below and in accordance with applicable United Kingdom accounting standards. The financial statements have been prepared on the going concern basis as described in the Directors' Report.

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.

Interest receivable and interest payable

Interest receivable and payable are recognised on an accruals basis in the period in which they fall due.

Income from investments

Investment income comprises dividends paid by subsidiary undertakings during the accounting period.

Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Investments in Jersey Property Unit Trusts are carried at the company's share of net assets. The company's share of the realised profits and losses is recorded in the profit and loss account and the company's share of the unrealised gains and losses is taken to the revaluation reserve.

Other investments are stated at cost less any provision for impairment.

Trade and other debtors

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

Trade and other creditors

Trade and other creditors are stated at cost.

Debt

Debt instruments are stated initially at the amount of the net proceeds. The finance costs of such debt instruments are allocated to periods over the term of the debt at a constant rate on the carrying amount. The carrying amount is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debt of that period. Finance costs are charged to the profit and loss account.

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 at the balance sheet date. The company is part of a UK group for group relief purposes and accordingly may take advantage of the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other companies in that group. The group's policy is that no payment will be made for tax losses surrendered under the group relief provisions.

2. OPERATING LOSS

None of the directors received any emoluments in respect of their services to the company during the year or the prior year.

No staff were employed by the company during the year or the prior year.

Auditors' remuneration of £500 (2010: £500) for the audit of the company has been borne by another group undertaking.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Bank interest receivable	161	21
Interest receivable from group undertakings	5,944,719	5,481,997
	<u>5,944,880</u>	<u>5,482,018</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Bank charges	—	41

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

5 TAXATION

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Tax reconciliation		
Profit on ordinary activities before tax	<u>5,903,302</u>	<u>5,442,200</u>
Tax on profit on ordinary activities at UK corporation tax rate of 26.5% (2010: 28.0%)	1,564,375	1,523,816
Effects of		
Provision against investments	(11,018)	(9,041)
Group relief	<u>(1,553,357)</u>	<u>(1,514,775)</u>
Current tax charge for the year	<u>—</u>	<u>—</u>

The tax rate of 26.5% has been calculated by reference to the current corporation tax rate of 26% which was in effect for the final three quarters of the year and the previous rate of 28% which was in effect for the first quarter of the year.

No provision for corporation tax has been made since the taxable profit for the year will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief. There is no unprovided deferred taxation.

6. INVESTMENTS

	31 December 2011 £	31 December 2010 £
Investment in Jersey Property Unit Trusts	4,940,750	2,882,511
Shares in group undertakings	34,536,517	50,960,972
Investment loans	<u>16,452,160</u>	<u>—</u>
	<u>55,929,427</u>	<u>53,843,483</u>

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Investment in Jersey Property Unit Trusts

In January 2011, the company contributed an additional £2,100,000 to the Heron Quays Investment Unit Trust, acquiring 2,186,359 new units

In July 2011, the company acquired a 1% interest in the Canary Wharf (PB) Unit Trust for a consideration of £1

At 31 December 2011 the company held 99.94% of the units in the Heron Quays West Investment Unit Trust and 1% of the units of the Canary Wharf (PB) Unit Trust

	31 December 2011 £	31 December 2010 £
Initial contribution	2,991,010	2,991,009
Additional contribution	2,100,000	–
Capitalised fees	41,004	41,004
Cost of investment in Jersey Property Unit Trusts	5,132,014	3,032,013
Provision for diminution in value	(191,264)	(149,502)
	<u>4,940,750</u>	<u>2,882,511</u>

At 31 December 2011, the company's share of the net assets of the Jersey Property Unit Trusts had fallen by £41,762, which was taken to the profit and loss account and treated as an exceptional item

Shares in group undertakings

	£
COST	
At 1 January 2011	50,961,157
Additions	27,521
Transferred to investment loans	(16,452,160)
At 31 December 2011	<u>34,536,518</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2011	185
Released during the year	(184)
At 31 December 2011	<u>1</u>
NET BOOK VALUE	
At 31 December 2011	<u>34,536,517</u>
At 1 January 2011	<u>50,960,972</u>

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

In July 2011, Canary Wharf Group plc and Qatari Diar Real Estate Investment Company concluded an agreement to redevelop the Shell Centre. The group and Qatari Diar have entered into a 50/50 joint venture and have committed to contributing £150.0m each to the joint venture to secure the 5.25 acre site on a 999 year lease. The aggregate £300.0m payment for the site is conditional on planning permission being received for the project within three years. The group will act as construction manager for the project and will also be joint development manager with Qatari Diar Real Estate Investment Company.

The joint venture takes the form of a partnership with Canary Wharf (PB) Unit Trust holding the group's 49.95% direct investment in the partnership. Canary Wharf (PB) Unit Trust is held 1% by the company and 99% by a new wholly owned subsidiary of the company, Canary Wharf (PB) Jersey Limited. The other 0.05% interest in the partnership is held indirectly via a 50% interest in Braeburn Estates (GP) Limited, the general partner of the partnership.

At 31 December 2011 the company's subsidiary undertakings were as follows:

Name	Description of shares held	Principal activities
Canary Wharf (PB Jersey) Limited	Ordinary £1 shares	Holding company
Canary Wharf (Drapers Gardens) Limited	Ordinary £1 shares	Holding company
Canary Wharf Investments (RSNQ) Limited	Ordinary £1 shares	Holding company
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
Canary Wharf (FSLP) Limited	Ordinary £1 shares	Holding company
Canary Wharf (FSGP) Limited	Ordinary £1 shares	Holding company
Canary Wharf (FS Invest) 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.

Investment loans

	£
COST	
Transferred from shares in group undertakings	16,452,160
At 31 December 2011	<u>16,452,160</u>
NET BOOK VALUE	
At 31 December 2011	<u>16,452,160</u>

At 31 December 2011, investment loans to Canary Wharf (FSLP) Limited, Canary Wharf (FSGP) Limited and Canary Wharf (FS Invest) Limited have been reclassified from investments in shares in group undertakings. The loans are interest free and are repayable out of profits of the companies in priority to dividends.

The directors are of the opinion that the value of the company's investments at 31 December 2011 was not less than the amount shown in the company's balance sheet.

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

In accordance with Section 400 of the Companies Act 2006, 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 12)

7. DEBTORS

	31 December 2011 £	31 December 2010 £
Due within one year		
Amounts owed by subsidiary undertakings	8,827,319	138,959
Loans to subsidiary undertakings	157,986,302	152,011,583
	<u>166,813,621</u>	<u>152,150,542</u>
Due in more than one year		
Loans to subsidiary undertakings	<u>17,000,000</u>	<u>—</u>

The loans due after more than one year are interest free and repayable within three years of the practical completion of the Shell Centre

The loan to a subsidiary undertaking due within one year carries interest at a rate linked to LIBOR and is repayable on demand

8. CREDITORS: Amounts falling due within one year

	31 December 2011 £	31 December 2010 £
Loan from parent undertaking	191,997,991	172,897,991
Amounts owed to subsidiary undertakings	152	2
Amount owed to fellow subsidiary undertaking	8,933,319	298,057
	<u>200,931,462</u>	<u>173,196,050</u>

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

9. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid:

	31 December 2011 £	31 December 2010 £
1 Ordinary share of £1	<u>1</u>	<u>1</u>

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. RESERVES

	Profit and loss account £
At 1 January 2011	32,908,283
Profit for the year	5,903,302
At 31 December 2011	<u>38,811,585</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2011 £	31 December 2010 £
Opening shareholders' funds	32,908,284	27,466,084
Profit for the year	5,903,302	5,442,200
Closing shareholders' funds	<u>38,811,586</u>	<u>32,908,284</u>

12. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's immediate parent undertaking is Canary Wharf Group plc

As at 31 December 2011, the smallest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Canary Wharf Group plc. The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Songbird Estates plc, the ultimate parent undertaking and controlling party. Copies of the financial statements of both companies 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 FRS 8 allowing the company not to disclose related party transactions with respect to other group companies.