

CANARY WHARF DEVELOPMENTS LIMITED
Registered Number: 6199021

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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CANARY WHARF DEVELOPMENTS LIMITED

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CANARY WHARF DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report with the audited financial statements for the year ended 31 December 2012. 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.

The company is the parent undertaking of three sub-groups of companies investing in 20 Fenchurch Street, the Shell Centre and Heron Quays West.

Shell Centre

In July 2011, the Group and Qatari Diar Real Estate Investment Company concluded an agreement to redevelop the Shell Centre, entering into a 50/50 joint venture and have committed to contributing £150.0 million each to the joint venture to secure the 5.25 acre site on a 999 year lease. The development manager for the site will be a 50/50 joint venture between the Group and Qatari Diar Real Estate Investment Company with fees generated from the transaction being apportioned between the parties.

The development will be mixed use, comprising office, residential and retail space, which will regenerate an important section of the South Bank in central London. The existing 27 storey tower in the middle of the Shell Centre will be preserved and retained by Shell International Limited. Shell International Limited will also take a 245,000 sq ft pre-let of the first of 2 new office buildings to be constructed on the site. Outline planning permission for the scheme was granted in May 2013.

20 Fenchurch Street

In 2010, the Group and Land Securities Group plc formed 20 Fenchurch Street Limited Partnership, a 50/50 joint venture to develop 20 Fenchurch Street in the City. The existing property, which was acquired as a cleared site with some ancillary neighbouring holdings, was sold by Land Securities to the partnership for a consideration of £90.2 million, in line with the March 2010 valuation. After syndication, the Group has retained a 15.0% equity interest in this project.

Planning consent for a 37 storey building was granted in October 2009. The building will provide approximately 690,000 sq ft of world class space in floor plate sizes of 14,000 sq ft to 28,000 sq ft, with a sky garden on the top 3 floors. Construction commenced on site in January 2011 and is progressing on schedule and within budget. The building has been topped out and completion is expected in March 2014. At the date of approving the financial statements, the building had been 53% pre-let.

Heron Quays West

The Heron Quays West sub-group held an option to acquire a long lease over land south of Heron Quays West. This option lapsed without being exercised in November 2012. Accordingly the company's various investments in the sub-group have been written down to the company's share of their net assets. £4,379,858 has been included in the profit and loss account in relation to this write down.

CANARY WHARF DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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 £1,910,423 (2011 £5,903,302)

The balance sheet shows the company's financial position at the year end and indicates that net assets were £40,722,009 (2011 £38,811,586) Details of amounts owed to group companies are shown in Note 7

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2012 is set out on page 7 No dividends have been paid or proposed (2011 £Nil) and the retained profit of £1,910,423 (2011 profit of £5,903,302) has been transferred to reserves

GOING CONCERN

At the year end, the company is in a net asset position, but has net current liabilities Canary Wharf Group plc has confirmed that it will make available any funds that may be required for the company to enable it 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 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

DIRECTORS

The directors of the company throughout the year ended 31 December 2012 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 2012 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

CANARY WHARF DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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

31 July 2013

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, 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.

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 2012 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 11. 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 2012 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
LONDON, UK

31 July 2013

CANARY WHARF DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Year Ended 31 December 2012 £	Year Ended 31 December 2011 £
Administrative expenses		(2,000)	—
OPERATING LOSS	2	(2,000)	—
Income from shares in group undertakings		—	184
Exceptional items			
Movement in provision against investment in subsidiaries	5	(8,199)	—
Movement in provision against investment in JPUT	5	(4,379,858)	(41,762)
Interest receivable and similar income	3	6,300,480	5,944,880
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,910,423	5,903,302
Tax on profit on ordinary activities	4	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	9	1,910,423	5,903,302

Movements in reserves are shown in Note 9 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 2012 or the year ended 31 December 2011 other than those included in the profit and loss account

The Notes on pages 9 to 15 form an integral part of these financial statements

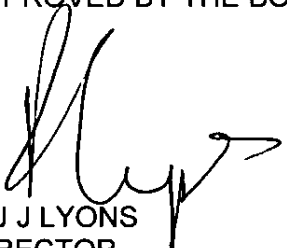
CANARY WHARF DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

	Note	31 December 2012 £	31 December 2011 £
FIXED ASSETS			
Investments	5	51,524,873	55,929,427
CURRENT ASSETS			
Debtors	6		
Amounts falling due after one year		25,426,000	17,000,000
Amounts falling due within one year		186,038,602	166,813,621
Cash at bank		11,251	—
		211,475,853	183,813,621
CREDITORS: Amounts falling due within one year	7	(222,278,717)	(200,931,462)
NET CURRENT LIABILITIES		(10,802,864)	(17,117,841)
TOTAL ASSETS LESS CURRENT LIABILITIES		40,722,009	38,811,586
NET ASSETS		40,722,009	38,811,586
CAPITAL AND RESERVES			
Called-up share capital	8	1	1
Profit and loss account	9	40,722,008	38,811,585
SHAREHOLDERS' FUNDS	10	40,722,009	38,811,586

The Notes on pages 9 to 15 form an integral part of these financial statements

APPROVED BY THE BOARD ON 31 JULY 2013 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 2012

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 by reference to the company's share of net assets. The investment is initially recognised at historical cost with the company's share of the realised profits and losses recorded in the profit and loss account and the company's share of the unrealised gains and losses taken to the revaluation reserve. No unrealised gains relating to development properties are recognised until such gains are realised or the property is re-designated as an investment property.

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.

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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.

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.

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 £788 (2011: £500) for the audit of the company has been borne by another group undertaking.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2012 £	Year Ended 31 December 2011 £
Bank interest receivable	213	161
Interest receivable from group undertakings	6,300,267	5,944,719
	<u>6,300,480</u>	<u>5,944,880</u>

4. TAXATION

	Year Ended 31 December 2012 £	Year Ended 31 December 2011 £
Tax reconciliation		
Profit on ordinary activities before tax	<u>1,910,423</u>	<u>5,903,302</u>
Tax on profit on ordinary activities at UK corporation tax rate of 24.5% (2011: 26.5%)	468,054	1,564,375
Effects of		
Provision against investments	1,065,206	(11,018)
Group relief	<u>(1,533,260)</u>	<u>(1,553,357)</u>
Current tax charge for the year	<u>—</u>	<u>—</u>

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

The tax rate of 24.5% has been calculated by reference to the current corporation tax rate of 24% which was in effect for the final three quarters of the year and the previous rate of 26% 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.

5. INVESTMENTS

	31 December 2012 £	31 December 2011 £
Investment in Jersey Property Unit Trusts	560,892	4,940,750
Shares in group undertakings	34,511,270	34,536,517
Investments in joint ventures	551	—
Investment loans	16,452,160	16,452,160
	<u>51,524,873</u>	<u>55,929,427</u>

Investment in Jersey Property Unit Trusts

At 31 December 2012 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 2012 £	31 December 2011 £
Initial contribution	2,991,010	2,991,010
Additional contribution	2,100,000	2,100,000
Capitalised fees	41,004	41,004
Cost of investment in Jersey Property Unit Trusts	<u>5,132,014</u>	<u>5,132,014</u>
Provision for diminution in value	(4,571,122)	(191,264)
	<u>560,892</u>	<u>4,940,750</u>

At 31 December 2012, the net assets of the Heron Quays West Investment Unit Trust had fallen. The reduction in net assets of the JPUT was as a result of a fall in value of its majority interest in the Heron Quays West Limited Partnership. This partnership held an option to acquire a long lease over land south of Heron Quays West, which lapsed without being exercised in November 2012. Accordingly the company's investment in the JPUT has been written down to the company's share of the JPUT's net assets and the increase in provision of £4,379,858 has been taken to the profit and loss account and treated as an exceptional item.

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Shares in group undertakings

	£
COST	
At 1 January 2012	34,536,518
Additions	(17,048)
At 31 December 2012	<u>34,519,470</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2012	1
Provided during the year	8,199
At 31 December 2012	<u>8,200</u>
NET BOOK VALUE	
At 31 December 2012	<u>34,511,270</u>
At 1 January 2012	<u>34,536,517</u>

The negative additions for the year reflect the reversal of an accrual for fees made in 2011

The provision against investments relates to the Heron Quays West Structure, comprising Heron Quays West GP (One) Limited, Heron Quays West GP (Two) Limited, Heron Quays West LP (One) Limited and Heron Quays West LP (Two) Limited. The value of these companies has been impacted by the fall in value of the Heron Quays Limited Partnership as described above.

At 31 December 2012 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.

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Investments in joint ventures

	£
Additions	551
At 31 December 2012	<u>551</u>

During the year the company subscribed for 500 ordinary £1 shares at par in 20 Fenchurch Street Developer Limited. This is a 50/50 joint venture with Land Securities Group plc.

The company also subscribed for 50 ordinary £1 shares at par in Braeburn Estates (GP) Limited and 1 ordinary £1 share in Braeburn Estates Developments (1) Limited. These are 50/50 joint ventures with Qatari Diar Real Estate Investment Company.

Investment loans

	£
COST	
At 1 January 2012	16,452,160
At 31 December 2012	<u>16,452,160</u>

The investment loans comprise loans to Canary Wharf (FSLP) Limited, Canary Wharf (FSGP) Limited and Canary Wharf (FS Invest) Limited which are interest free and 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 2012 was not less than the amount shown in the company's balance sheet.

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 11).

CANARY WHARF DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6. DEBTORS

	31 December 2012 £	31 December 2011 £
Due within one year		
Amounts owed by subsidiary undertakings	21,782,030	8,827,319
Loans to subsidiary undertakings	164,256,569	157,986,302
Prepayments and accrued income	3	—
	<u>186,038,602</u>	<u>166,813,621</u>
Due in more than one year		
Loans to subsidiary undertakings	<u>25,426,000</u>	<u>17,000,000</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

7. CREDITORS: Amounts falling due within one year

	31 December 2012 £	31 December 2011 £
Loan from parent undertaking	191,997,991	191,997,991
Amount owed to parent undertaking	29,302,863	—
Amounts owed to subsidiary undertakings	4	152
Amounts owed to fellow subsidiary undertakings	977,859	8,933,319
	<u>222,278,717</u>	<u>200,931,462</u>

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

8. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid:

	31 December 2012 £	31 December 2011 £
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 2012

9. RESERVES

	Profit and loss account £
At 1 January 2012	38,811,585
Profit for the year	1,910,423
At 31 December 2012	<u>40,722,008</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2012 £	31 December 2011 £
Opening shareholders' funds	38,811,586	32,908,284
Profit for the year	1,910,423	5,903,302
Closing shareholders' funds	<u>40,722,009</u>	<u>38,811,586</u>

11. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

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

As at 31 December 2012, 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.