

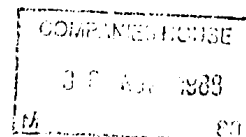
15-12-88

signed

OLYMPIA & YORK CANARY WHARF LIMITED
Formerly
THE CANARY WHARF DEVELOPMENT CO LIMITED

ACCOUNTS
For the year ended 31st August 1988

REGISTERED NO: 1971312



OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Report of the Directors
for the year ended 31st August 1988

The Directors present herewith the audited accounts for the year ended 31st August 1988.

Change of name

On 27th October 1987 the company changed its name from The Canary Wharf Development Co. Limited to Olympia & York Canary Wharf Limited.

Ultimate holding company

The ultimate holding company is Olympia & York Developments Limited of Ontario, Canada. The immediate holding company is O & Y Canary Wharf Holdings, a company incorporated in England.

Principal activity and review of business

The principal activity of the company continues to be property construction and development. At the present this is concentrated on the Canary Wharf project in London's Docklands.

On 17th July 1987, the company signed the Master Building Agreement with the London Docklands Development Corporation for construction of the Canary Wharf development, including infrastructure and a minimum of 5.4 million square feet of offices. The company has entered into an agreement with London Regional Transport for upgrading and extending the Docklands Light Railway. It is expected that the entire project comprising approximately 10 million square feet of office space, a 400 room hotel and up to 500,000 square feet of retail and leisure space, will take of the order of 7 - 10 years to complete and will cost in excess of £3,000 million.

It is expected that the first premises will be available for occupation in the latter half of 1990 and that the company will report profits in the foreseeable future.

Share capital

Details of the company's share capital are shown in note 13 to the accounts.

Dividends and reserves

The profit and loss account for the year is set out on page 4. The Directors do not recommend the payment of a dividend.

Fixed assets

The movements in fixed assets during the year are set out in note 8 to the accounts.

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Report of the Directors
for the year ended 31st August 1988 (continued)

Directors

The Directors of the company at 31st August 1988 were:

M.M. Dennis	
S.H. Honeyman	
D.J. Hughes	
R.L. John	(appointed 19th April 1988)
I.M. Iaing	(appointed 23rd September 1987)
A. Reichmann	(appointed 19th April 1988)
P. Reichmann	(appointed 19th April 1988)
G. Rothman	(appointed 19th April 1988)
R. Speirs	(appointed 1st July 1988)
C.B. Young	(appointed 19th April 1988)

Directors' interests

No Director held any shares in the company or any United Kingdom subsidiary of Olympia & York Developments Limited at 31st August 1988 or at anytime throughout the year. / Reichmann and P. Reichmann are Directors and shareholders of Olympia & York Developments Limited, all the shares of which are held directly or indirectly by themselves or members of their families.

Auditors

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution confirming their reappointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD

R. D. Hughes

Secretary
18th November 1988

Report of the auditors to the members of

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

We have audited the accounts on pages 4 to 15 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st August 1988 and of its loss and source and application of funds for the year then ended and comply with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
Southwark Towers
32 London Bridge Street
LONDON SE1 9SV

18th November 1988

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Profit and Loss account
for the year ended 31st August 1988

	<u>Notes</u>	<u>Year To</u> <u>31st August</u> <u>1988</u> £	<u>8 Month</u> <u>Period to</u> <u>31st August</u> <u>1987</u> £
Turnover	2	-	-
Administrative expenses		2,604,990	2,013,138
Operating loss		(2,604,990)	(2,013,138)
Bank interest receivable		791,937	266,167
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,813,053)	(1,746,971)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR	14	(1,813,053)	(1,746,971)

The notes on pages 7 to 15 form part of these accounts.

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Balance Sheet at 31st August 1988

	Notes	31st August 1988 £	31st August 1988 £
FIXED ASSETS			
Tangible assets	8	4,484,707	170,527
Investments	9	4	4
		<hr/> 4,484,711	<hr/> 170,531
CURRENT ASSETS			
Work in progress		179,279,776	75,945,883
Debtors	10	7,384,645	6,417,996
Cash at bank and in hand		5,445,034	6,469,162
		<hr/> 192,109,455	<hr/> 88,833,041
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(68,353,826)	(12,924,175)
		<hr/> 123,755,629	<hr/> 75,908,866
NET CURRENT ASSETS			
		<hr/> 128,240,340	<hr/> 76,079,397
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	(100,214,003)	(81,239,907)
		<hr/> 28,026,337	<hr/> (5,160,510)
CAPITAL AND RESERVES			
Called up share capital	13	35,000,000	100
Profit and loss account	14	(6,973,663)	(5,160,610)
		<hr/> 28,026,337	<hr/> (5,160,510)

Approved by the board on 18th November 1988 and signed on its behalf by:

G. Rothman)
D. Speirs) Directors

The notes on pages 7 to 15 form part of these accounts.

OLYMPIA AND YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Statement of source and application of funds
for the year ended 31st August 1988

	<u>Year Ended</u> <u>31st August</u> <u>1988</u> £	<u>8 Month</u> <u>Period To</u> <u>31st August</u> <u>1987</u> £
SOURCE OF FUNDS		
Loss on ordinary activities before taxation	(1,813,053)	(1,746,971)
Adjustment for items not involving the movement of funds:		
(Profit)/loss on sale of fixed assets	(1,886)	1,138
	<u>(1,814,939)</u>	<u>(1,745,833)</u>
Funds from other sources:		
Share capital	34,999,900	-
Loan from holding company	37,385,265	2,833,650
Advance payments	-	72,840,372
Bank loan	19,224,096	6,399,535
Sale of assets	8,796	5,217
	<u>89,803,118</u>	<u>80,332,941</u>
APPLICATION OF FUNDS		
Purchase of fixed assets	(4,598,572)	(68,814)
Additions to work in progress (excluding depreciation (note 4))	(103,056,411)	(46,876,449)
	<u>(17,851,865)</u>	<u>33,387,678</u>
(DECREASE)/INCREASE IN WORKING CAPITAL		
Debtors	966,649	4,324,020
Creditors	(17,797,886)	25,678,082
	<u>(16,827,737)</u>	<u>30,002,102</u>
Cash at bank and in hand	(1,024,128)	3,385,576
	<u>(17,851,865)</u>	<u>33,387,678</u>

The notes on pages 7 to 15 form part of these accounts.

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988

1. Principal accounting policies

A summary of the more important accounting policies of the company is set out below.

(a) Accounting convention

The accounts have been prepared under the historical cost convention.

(b) Profit and loss account

Marketing and other administrative costs which are not development expenses (note 1d) are charged to the profit and loss account when incurred.

Profit attributable to development activities is recognised only when the outcome of the development is reasonably foreseeable.

(c) Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets in equal annual instalments over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:-

	%
Computer equipment	33 1/3
Plant and office equipment	25
Short leasehold premises	Life of the lease

(d) Work in progress

Work in progress is stated at cost. Cost includes construction costs and development expenses, including employee and related overhead costs, professional fees, depreciation of tangible fixed assets and interest on loans to finance construction. The accounting policy for administrative expenses was changed during the year (see note 5).

(e) Deferred taxation

Taxation deferred or accelerated by the effect of timing differences is accounted for to the extent that it is probable that a liability or asset will crystallise.

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 (continued)

(f) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange differences arising on development transactions are included in work in progress (note 1d).

2. Turnover

No sales were made in the year.

3. Tax on loss on ordinary activities

The company made taxable losses in the year and accordingly there is no charge for taxation.

4. Expenses

The company incurred the following expenses:

	<u>Year Ended</u> <u>31st August</u> <u>1988</u>	<u>8 Month</u> <u>Period To</u> <u>31st August</u> <u>1987</u>
	£	£
Bank interest payable	1,436,378	38,002
Auditors' remuneration	40,000	129,349
Depreciation	277,482	45,157
Directors' emoluments (note 6)	298,242	-
	<u> </u>	<u> </u>

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 (continued)

5. Prior year adjustment

Prior to 1 September 1987 all administrative expenses were charged to the profit and loss account when incurred. The accounting policy was changed during the year such that development expenses are not charged to the profit and loss account but are included in work in progress (note 1). The comparative figures for the previous financial period have been restated accordingly.

The effect of the prior year adjustment has been to reduce administrative expenses charged to the profit and loss account for the year ended 31st December 1986 from £13,411,697 to £3,550,481 and for the eight month period to 31st August 1987 from £8,060,620 to £2,013,138. Accumulated losses have been correspondingly reduced as shown in note 14.

6. Directors' emoluments

	<u>Year Ended</u> <u>31st August</u> <u>1988</u> £	<u>8 Month</u> <u>Period To</u> <u>31st August</u> <u>1987</u> £
Fees	64,500	-
Salaries	223,950	-
Pension contributions	9,792	-
	<u>298,242</u>	<u>-</u>

The highest paid Director's emoluments were £90,742. The company has no chairman.

The emoluments of other Directors fell into the following bands.

	<u>Year Ended</u> <u>31st August</u> <u>1988</u> £	<u>8 Month</u> <u>Period To</u> <u>31st August</u> <u>1987</u> £
£0 - £ 5,000	3	-
£ 5,001 - £10,000	1	-
£15,001 - £20,000	1	-
£45,001 - £50,000	2	-
£55,001 - £60,000	2	-
	<u> </u>	<u> </u>

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 (continued)

7. Employee information

- (a) The average number of persons employed by the company during the year was:

<u>Year Ended</u> <u>31st August</u> <u>1988</u>	<u>8 Month</u> <u>Period To</u> <u>31st August</u> <u>1987</u>
42	23
==	==

- (b) Staff costs of all employees excluding Directors were:

	<u>Year Ended</u> <u>31st August</u> <u>1988</u> £	<u>8 Month</u> <u>Period To</u> <u>31st August</u> <u>1987</u> £
Wages and salaries	1,172,917	356,490
Social security costs	106,725	36,719
Other pension costs	15,291	-
	==	==
	1,294,933	393,209
	==	==

- (c) The number of employees of the company excluding Directors whose emoluments were within the following ranges was:

	<u>Year Ended</u> <u>31st August</u> <u>1988</u>	<u>8 Month</u> <u>Period To</u> <u>Year Ended</u> <u>31st August</u> <u>1987</u>
£30,001 to £35,000	2	-
£35,001 to £40,000	1	-
£40,001 to £45,000	1	-
£45,001 to £50,000	1	-
£50,001 to £55,000	2	-
£55,001 to £60,000	-	1
	==	==

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 (continued)

8. Tangible fixed assets

	<u>Short leasehold premises £</u>	<u>Plant & equipment £</u>	<u>Computer equipment £</u>	<u>Total £</u>
<u>Cost</u>				
1st September 1987	-	65,695	172,862	238,557
Additions	3,169,331	1,208,445	220,796	4,598,572
Disposals	-	(8,695)	(1,125)	(9,820)
At 31st August 1988	3,169,331	1,265,445	392,533	4,827,309
<u>Depreciation</u>				
1st September 1987	-	(16,988)	(51,042)	(68,030)
Charge for year	(68,567)	(119,817)	(89,098)	(277,482)
Disposals	-	2,535	375	2,910
At 31st August 1988	(68,567)	(134,270)	(139,765)	(342,602)
<u>Net Book Value</u>				
At 31st August 1988	3,100,764	1,131,175	252,768	4,484,707
At 31st August 1987	-	48,707	121,820	170,527

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 (continued)

9. Investments

Shares in group companies:

The company's investments are £4 at cost in the following wholly - owned subsidiaries:

<u>Name and country of incorporation</u>	<u>Description of shares held</u>
Canary Cannon Limited - England	Ordinary £1 shares
Canary Wharf Management Limited - England	Ordinary £1 shares

The principal business activities of these subsidiaries are:

Canary Cannon Limited - property trading
Canary Wharf Management Limited - dormant

No group accounts have been prepared as the company is itself a wholly-owned subsidiary of a United Kingdom company.

10. Debtors

	<u>31st August 1988</u>	<u>31st August 1987</u>
	£	£
Amounts owed by group companies	2,232,537	5,367,152
Other debtors	5,152,108	990,324
Prepayments and accrued income	-	60,520
	<u>7,384,645</u>	<u>6,417,996</u>

All of the above amounts are due within one year of the balance sheet date.

YMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 (continued)

11. Creditors: amounts falling due within one year

	<u>31st August</u> <u>1988</u> £	<u>31st August</u> <u>1987</u> £
Trade creditors	3,425,901	1,578,630
Amounts owed to group companies	43,572,208	2,833,650
Social security costs	111,179	32,007
Other creditors	215,260	571,564
Accruals	21,029,278	7,858,324
	<u>68,353,826</u>	<u>12,924,175</u>

12. Creditors: amounts falling due after more than one year

	<u>31st August</u> <u>1988</u> £	<u>31st August</u> <u>1987</u> £
Bank loan (note a)	25,623,630	6,399,534
Advance payments (note b)	72,840,373	72,840,373
Other creditors	1,750,000	2,000,000
	<u>100,214,003</u>	<u>81,239,907</u>

(a) The bank loan is unsecured but guaranteed by the ultimate holding company and is repayable in 1990. Interest is charged at variable rates linked to LIBOR.

(b) Advance payments represent monies received by the company under the terms of certain purchase and development agreements. The relevant proportion of the advance payments will be credited to work in progress in future years.

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 (continued)

13. Called up share capital

On 10th May 1988 the company consolidated its issued share capital of 1,000 10p ordinary shares into 100 £1 ordinary shares and increased its authorised share capital to 500,000,000 ordinary shares of £1 each. The capital at 1st September 1987 and the shares issued for cash during the year were as follows:-

	<u>Ordinary Shares</u>	
	<u>Number</u>	<u>£</u>
1st September 1987 - issued	1,000	100
10th May 1988 - consolidated	(900)	-
25th May 1988 - fully paid	10,000,000	10,000,000
6th July 1988 - fully paid	14,999,900	14,999,900
30th August 1988 - fully paid	10,000,000	10,000,000
	<hr/>	<hr/>
Allotted and fully paid	35,000,000	35,000,000
	<hr/>	<hr/>

14. Profit and loss account

	<u>31st August</u> <u>1988</u> <u>£</u>
Accumulated losses:	
At 31st August 1987 as previously reported	21,069,308
Prior year adjustment (note 5)	(15,908,698)
	<hr/>
At 31st August 1987 as restated	5,160,610
Loss for the financial year	1,813,053
	<hr/>
At 31st August 1988	6,973,663
	<hr/>

15. Company pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £25,083 in the year. Contributions totalling £14,757 were payable to the fund at the year end and are included in other creditors (note 11).

OLYMPIA & YORK CANARY WHARF LIMITED
FORMERLY THE CANARY WHARF DEVELOPMENT CO. LIMITED

Notes to the accounts - 31st August 1988 continued

16. Contingent liabilities and financial commitments

The company has entered into commitments with London Regional Transport for upgrading and extending the Docklands Light Railway and other building works and with London Docklands Development Corporation for construction of the Canary Wharf development including infrastructure and a minimum of 5.4 million square feet of offices. It is expected that the entire project comprising approximately 10 million square feet of office space, a 400 room hotel and up to 500,000 square feet of retail and leisure space, will take of the order of 7-10 years to complete and will cost in excess of £3,000 million.

The company has also entered into an agreement with the London Borough of Tower Hamlets that commits it to pay a sum up to £15 million if, which is not expected to be the case, certain local employment targets are not met.

17. Ultimate holding company

Olympia & York Developments Limited, a company registered in Ontario, Canada, is the ultimate holding company.