

CANARY WHARF INVESTMENTS LIMITED
Registered Number: 2127410

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

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CANARY WHARF INVESTMENTS LIMITED

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CANARY WHARF INVESTMENTS 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 is property investment

In December 2011 the company granted a long leasehold interest in 25 Churchill Place to a subsidiary undertaking for a consideration of £57,000,000, generating a profit on disposal of £56,930,788

In March 2011 the company sold its remaining interest in 50 Bank Street and generated a net profit of £120,000

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 £87,433,133 (2010 loss of £8,220,144) This includes the profits on disposal referred to above

The balance sheet shows the company's financial position at the year end and indicates that net assets were £277,494,612 (2010 £190,483,979) Details of amounts owed to group companies are shown in Note 10

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 £49,100,000) and the retained profit of £87,433,133 (2010 loss of £57,320,144) 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 INVESTMENTS 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

27 June 2012

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

Registered Number 2127410

CANARY WHARF INVESTMENTS 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, subject to any material departures disclosed and explained in the financial statements; 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 INVESTMENTS LIMITED

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

We have audited the financial statements of Canary Wharf Investments Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related Notes 1 to 15. 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.

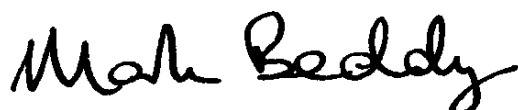
CANARY WHARF INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS 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

27 June 2012

CANARY WHARF INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
TURNOVER		375,612	421,501
Cost of sales		(72,364)	(3,562)
GROSS PROFIT		303,248	417,939
Administrative expenses before exceptional items		(536,661)	(826,953)
Exceptional item			
Movement in provision against investment properties	7	(2,100,000)	—
Other operating income		1,500	—
OPERATING LOSS	2	(2,331,913)	(409,014)
Income from shares in group undertakings	8	46,261,441	2,459,045
Exceptional items			
Movement in provision against investment in subsidiary undertakings	8	(84,453)	(158,879)
Profit on disposal of fixed assets	7	57,050,789	—
Interest receivable and similar income	3	3,484	1,184,495
Interest payable and similar charges	4	(13,951,078)	(11,294,098)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		86,948,270	(8,218,451)
Tax on profit/(loss) on ordinary activities	5	484,863	(1,693)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	13	87,433,133	(8,220,144)

Movements in reserves are shown in Note 13 of these financial statements

All amounts relate to continuing activities in the United Kingdom

The Notes on pages 9 to 18 form an integral part of these financial statements

CANARY WHARF INVESTMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Profit/(loss) for the financial year	87,433,133	(8,220,144)
Unrealised (deficit)/surplus on revaluation of properties	(422,500)	411,390
Total recognised gains/(losses) relating to the year	<u>87,010,633</u>	<u>(7,808,754)</u>

The Notes on pages 9 to 18 form an integral part of these financial statements

CANARY WHARF INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	31 December 2011 £	31 December 2010 £
FIXED ASSETS			
Tangible assets	7	58,345,369	58,456,270
Investments	8	268,219,952	118,304,407
		<u>326,565,321</u>	<u>176,760,677</u>
CURRENT ASSETS			
Debtors	9	17,862,409	158,038,389
Cash at bank		2,412,967	2,263,580
		<u>20,275,376</u>	<u>160,301,969</u>
CREDITORS: Amounts falling due within one year	10	(69,346,085)	(146,578,667)
NET CURRENT (LIABILITIES)/ASSETS		<u>(49,070,709)</u>	<u>13,723,302</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>277,494,612</u>	<u>190,483,979</u>
NET ASSETS		<u>277,494,612</u>	<u>190,483,979</u>
CAPITAL AND RESERVES			
Called-up share capital	12	37,928,969	37,928,969
Share premium account	13	150,000,000	150,000,000
Revaluation reserve	13	173,400	595,900
Profit and loss account	13	89,392,243	1,959,110
SHAREHOLDERS' FUNDS	14	<u>277,494,612</u>	<u>190,483,979</u>

The Notes on pages 9 to 18 form an integral part of these financial statements

APPROVED BY THE BOARD ON 27 JUNE 2012 AND SIGNED ON ITS BEHALF BY



R J J LYONS
DIRECTOR

CANARY WHARF INVESTMENTS 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, modified to include the revaluation of properties 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.

Turnover

Turnover represents rents receivable net of VAT and is recognised on an accruals basis in the period in which the rents become due.

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.

Dividends

Dividend distributions to the company's shareholders are recognised in the financial statements in the period in which the dividends are paid or approved by the company's shareholders.

Investment properties

Investment properties are revalued annually and in accordance with SSAP 19 (Accounting for Investment Properties) no provision is made for depreciation. This departure from the requirements of the statutory accounting rules, which requires all properties to be depreciated is, in the opinion of the directors, necessary for the accounts to show a true and fair view. Depreciation is only one of the factors reflected in the annual valuation and the amount attributable to this factor is not capable of being separately identified or quantified. Surpluses or deficits are transferred to the revaluation reserve, unless a deficit exceeds previous surpluses recognised on the same property, in which case the excess is charged to the profit and loss account.

CANARY WHARF INVESTMENTS LIMITED

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

Development properties

Properties under development or held for development, comprising leasehold buildings and freehold land, are held at cost, subject to provision for diminution in value

Properties occupied by group companies are depreciated over four years

Investments

Investments in subsidiaries 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

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

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the corporation tax return

Under FRS 19 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. 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements

CANARY WHARF INVESTMENTS LIMITED

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

Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the timing differences will reverse, or where the timing differences are not expected to reverse, a period not exceeding 50 years. Discount rates of 0.2% to 2.3% have been adopted reflecting the post-tax yield to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax assets or liabilities.

2. OPERATING LOSS

Operating loss is stated after charging

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Remuneration of the auditor		
Audit fees for the audit of the company	3,000	5,000

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.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Bank interest receivable	3,484	2,299
Interest receivable from group undertakings	—	1,182,196
	<u>3,484</u>	<u>1,184,495</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Interest payable to group undertakings	<u>13,951,078</u>	<u>11,294,098</u>

CANARY WHARF INVESTMENTS 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 £
Current tax		
UK corporation tax	—	—
Deferred tax		
Origination and reversal of timing differences	(483,917)	2,467
Net effect of discount	(946)	(774)
Total deferred tax	(484,863)	1,693
Total tax (credit)/charge on profit/(loss) on ordinary activities	(484,863)	1,693
Tax reconciliation		
Profit/(loss) on ordinary activities before tax	86,948,270	(8,218,451)
Tax on profit/(loss) on ordinary activities at UK corporation tax rate of 26.5% (2010: 28.0%)	23,041,291	(2,301,166)
Effects of		
Provision against property interests	556,500	—
Provision against investments	22,380	44,486
UK dividend income	(12,259,282)	(688,533)
Capital gains and capital allowances	(15,212,098)	—
Group relief	3,851,209	2,945,213
Current tax charge for the year	—	—

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 taxation has been made in view of the tax loss for the year. There is no unprovided deferred taxation.

6. DIVIDENDS

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Dividends paid during the prior year (£491,000 per share)	—	49,100,000

CANARY WHARF INVESTMENTS LIMITED

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

7 TANGIBLE FIXED ASSETS

	Freehold Investment Property £	Freehold Properties Held For Development £	Leasehold Properties Held For Development £	Total £
COST				
At 1 January 2011	6,745,900	69,211	63,448,043	70,263,154
Additions	–	–	2,480,810	2,480,810
Disposals	–	(69,211)	–	(69,211)
Revaluation	(422,500)	–	–	(422,500)
At 31 December 2011	6,323,400	–	65,928,853	72,252,253
PROVISION				
At 1 January 2011	–	–	11,806,884	11,806,884
Movement for the year	2,100,000	–	–	2,100,000
At 31 December 2011	2,100,000	–	11,806,884	13,906,884
NET BOOK VALUE				
At 31 December 2011	4,223,400	–	54,121,969	58,345,369
At 31 December 2010	6,745,900	69,211	51,641,159	58,456,270

In December 2011 the company granted a long leasehold interest in 25 Churchill Place to a subsidiary undertaking for a consideration of £57,000,000. The sale resulted in a profit of £56,930,789 which has been taken to the profit and loss account and treated as an exceptional item.

In March 2011 the company sold its remaining interest in 50 Bank Street to a fellow subsidiary undertaking generating a net profit of £120,000, which has been taken to the profit and loss account and treated as an exceptional item. This interest was carried at nil value at 31 December 2010.

CANARY WHARF INVESTMENTS LIMITED

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

On a historical cost basis, investment properties would have been included as follows

	31 December 2011 £	31 December 2010 £
Historical cost	<u>6,150,000</u>	<u>6,150,000</u>

As at 31 December 2011 the company's freehold property interests were valued by the group's external property advisers, Savills Commercial Limited, Chartered Surveyors or Cushman & Wakefield, Real Estate Consultants, on the basis of Market Value in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. No allowance was made for any expenses of realisation nor for any taxation which might arise in the event of disposal. The external valuation resulted in a revaluation deficit of £422,500 which has been transferred from the revaluation reserve and a provision against diminution in value of £2,100,000 which has been taken to the profit and loss account and treated as an exceptional item.

8. INVESTMENTS

Shares in group undertakings

	£
COST	
At 1 January 2011	153,818,653
Additions	150,000,000
Disposals	(8)
At 31 December 2011	<u>303,818,645</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2011	35,514,246
Disposals	(6)
Provided during the year	84,453
At 31 December 2011	<u>35,598,693</u>
NET BOOK VALUE	
At 31 December 2011	<u>268,219,952</u>
At 1 January 2011	<u>118,304,407</u>

During the year the company subscribed for an additional 150,000,000 £1 shares in Canary Wharf Investments (Crossrail) Limited at par.

During the year one of the company's dormant subsidiaries was voluntarily struck off the Companies House register. Net of provisions and amounts owed to and from this company, its carrying value was nil. As a result no profit or loss on disposal was recorded.

CANARY WHARF INVESTMENTS LIMITED

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

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

Name	Description of shares held	Principal activities
CWE SPV Super HCo Limited	Ordinary £1 shares	Investment holding
Cabot Place Holdings Limited	Ordinary £1 shares	Investment holding
CWC SPVi Limited	Ordinary £1 shares	Investment company
Canary Wharf (Car Parks) Limited	Ordinary £1 shares	Property investment
Heron Quays Investments (RT3) Limited	Ordinary £1 shares	Property investment
Canary Wharf Properties (FC2) Limited	Ordinary £1 shares	Property investment
Canary Wharf Properties (FC4) Limited	Ordinary £1 shares	Property investment
Canary Wharf Funding (One) Limited	Ordinary £1 shares	Finance company
Canary Wharf Management (HQ3/HQ4) Limited	Ordinary £1 shares	Property management
Canary Wharf Management (FC2/FC4) Limited	Ordinary £1 shares	Property management
Canary Wharf Contractors (Crossrail) Limited	Ordinary £1 shares	Property construction
Canary Wharf Investments (Crossrail) Limited	Ordinary £1 shares	Investment holding

The above are wholly owned subsidiaries registered in England and Wales

A complete list of the company's subsidiaries will be appended when the company submits its annual return

Dividends totalling £46,261,441 (2010 £2,459,045) were paid by subsidiaries during 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 15)

At 31 December 2011, the net assets of certain subsidiaries were less than the carrying value in the company's balance sheet. An increase in the provision for impairment of £84,453 (2010 £158,879) has been recognised in the profit and loss account and treated as an exceptional item. This item does not give rise to deferred tax.

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

CANARY WHARF INVESTMENTS LIMITED

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

9. DEBTORS

	31 December 2011 £	31 December 2010 £
Trade debtors	2,718	102,146
Amount owed by subsidiary undertaking	5,008	5,008
Loans to subsidiary undertakings	—	270,000
Amounts owed by fellow subsidiary undertakings	17,285,226	157,511,626
Other debtors	—	13,687
Deferred tax	493,960	9,097
Prepayments and accrued income	75,497	126,825
	<u>17,862,409</u>	<u>158,038,389</u>

A loan of £270,000 to a subsidiary undertaking carried interest at a rate linked to LIBOR, and was repaid during the year

The deferred tax debtor relates to the present value of capital allowances of £567,195 (2010 £12,002), stated net of a discount of £73,235 (2010 £2,905)

10. CREDITORS: Amounts falling due within one year

	31 December 2011 £	31 December 2010 £
Trade creditors	6,000	—
Loans from fellow subsidiary undertakings	55,240,300	144,514,270
Amount owed to subsidiary undertaking	1,064	1,070
Amounts owed to fellow subsidiary undertakings	2,931,246	1,919,717
Other creditors	11,058,819	34,569
Accruals and deferred income	108,656	109,041
	<u>69,346,085</u>	<u>146,578,667</u>

£504,256 (2010 £501,747) of the loans from fellow subsidiary undertakings bears interest at a rate linked to LIBOR and is repayable on demand

The remaining £54,736,044 (2010 £144,012,523) bears interest at 10%, subject to certain caps, and is repayable on demand

11. CONTINGENT LIABILITIES

The company has guaranteed the obligations of Canary Wharf Limited under certain agreements with the tenants of Canary Wharf group companies and in relation to certain property transactions at Canary Wharf

The company has given guarantees and fixed and floating charges over substantially all its assets to secure the borrowing and other liabilities of certain fellow subsidiary undertakings

CANARY WHARF INVESTMENTS LIMITED

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

12. CALLED-UP SHARE CAPITAL

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Allotted, called-up and fully paid		
37,878,869 deferred ordinary shares of £1 each	37,878,869	37,878,869
50,100 ordinary shares of £1 each	50,100	50,100
	<u>37,928,969</u>	<u>37,928,969</u>

The deferred ordinary shares of £1 each entitle the holder to a restricted participation in the profits or assets of the company and do not carry any right to attend and vote at any general meeting

On 29 September 2010, the company issued a further 50,000 ordinary £1 shares to its parent undertaking, Canary Wharf Holdings Limited, to fund investment in the Canary Wharf Crossrail station. Under the terms of the subscription agreement, Canary Wharf Holdings Limited was required to pay to the company amounts equal to a proportion of any principal repayments, when received, on a loan due to Canary Wharf Holdings Limited. Consequently, the company has recorded a share premium of £150,000,000, reflecting recognition of its proportion of the principal amount. The share premium was paid on 1 April 2011.

13. RESERVES

	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2011	150,000,000	595,900	1,959,110	152,555,010
Profit for the year	–	–	87,433,133	87,433,133
Revaluation of fixed assets	–	(422,500)	–	(422,500)
At 31 December 2011	<u>150,000,000</u>	<u>173,400</u>	<u>89,392,243</u>	<u>239,565,643</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2011 £	31 December 2010 £
Opening shareholders' funds	190,483,979	97,342,733
Issue of ordinary share capital	–	50,000
Share premium on issue of ordinary share capital	–	150,000,000
Profit/(loss) for the year	87,433,133	(8,220,144)
Dividends paid	–	(49,100,000)
Revaluation	(422,500)	411,390
Closing shareholders' funds	<u>277,494,612</u>	<u>190,483,979</u>

CANARY WHARF INVESTMENTS LIMITED

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

15. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's immediate parent undertaking is Canary Wharf Holdings Limited

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.