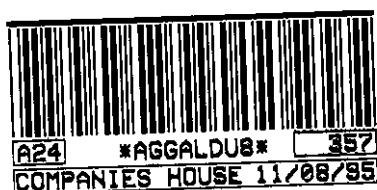


**CANARY WHARF INVESTMENTS (THREE)**  
**Registered number 2455786**

**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 5 MAY 1995**



## **CANARY WHARF INVESTMENTS (THREE)**

---

### **DIRECTORS' REPORT FOR THE YEAR ENDED 5 MAY 1995**

The Directors present herewith the audited accounts for the year ended 5 May 1995.

### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The principal activity of the company is property investment. At present the company's property investments are concentrated on the Canary Wharf Development in London's Docklands. On 24 August 1994 the company purchased certain property interests from a fellow subsidiary undertaking. Further details of the company's property interests are shown in Note 8 to the accounts.

### **SHARE CAPITAL**

On 24 August 1994 the company issued 74,300,000 shares of £1 each for cash. Further details of the company's share capital are shown in Note 12 to the accounts.

### **DIVIDENDS AND RESERVES**

The profit and loss account for the year is set out on page 4. The Directors recommend the payment of a dividend of £2,104,650 for the year to 5 May 1995 (period ended 5 May 1994: £nil) and a profit of £4,157,327 is to be transferred to reserves.

### **FIXED ASSETS**

Movements in tangible fixed assets are set out in note 8 to the accounts.

### **DIRECTORS**

The Directors of the company during the year to 5 May 1995 were:

P F Garner	(appointed 5 May 1994)
G Iacobescu	(appointed 5 May 1994)
Sir Peter Levene KBE	(appointed 19 September 1994)

### **DIRECTORS' INTERESTS**


No Director had any beneficial interest in the shares of the company at 5 May 1995 or at any time during the year.

During the year the group of which the company is a member purchased and maintained for its Directors, liability insurance against liabilities in relation to the group, as described in section 310(3)(a) of the Companies Act 1985.

### **AUDITORS**

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

BY ORDER OF THE BOARD

  
MD Precious

Company Secretary

7<sup>th</sup> August 1995

## **CANARY WHARF INVESTMENTS (THREE)**

---

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The Directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS (THREE)**

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 5 May 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse  
London  
Chartered Accountants  
and Registered Auditors

9<sup>th</sup> August 1995

## **CANARY WHARF INVESTMENTS (THREE)**

### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 5 MAY 1995**

	<u>Notes</u>	Year to 5 May 1995 £	Period to 5 May 1994 £
Rental income		7,014,375	-
Rent payable		(664,666)	-
<b>NET RENTAL INCOME</b>		6,349,709	-
Administrative expenses		(724,763)	-
Interest payable		(25)	-
Interest receivable	3	637,056	2,860,404
Other income		-	28
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,261,977	2,860,432
Tax on profit on ordinary activities	4	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		6,261,977	2,860,432
Dividends	7	(2,104,650)	-
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>		<u>4,157,327</u>	<u>2,860,432</u>

The movement in reserves is shown in Note 13 to the accounts.

All gains and losses have been recognised in the profit and loss account for the financial year.

The Notes on pages 6 to 10 form part of these accounts.

## CANARY WHARF INVESTMENTS (THREE)

### BALANCE SHEET AS AT 5 MAY 1995

	Notes	5 May 1995 £	5 May 1994 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	<u>117,696,800</u>	<u>43,350,000</u>
<b>CURRENT ASSETS</b>			
Debtors: Amounts due after one year	9	6,506,237	6,137,865
Debtors: Amounts due within one year	9	7,352,852	504
Cash at bank and in hand		<u>5,863,296</u>	<u>5,594,808</u>
		19,722,385	11,733,177
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>(3,878,681)</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		15,843,704	11,733,177
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>133,540,504</u>	<u>55,083,177</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	117,660,000	43,360,000
Profit and loss account	13	<u>15,880,504</u>	<u>11,723,177</u>
		<u>133,540,504</u>	<u>55,083,177</u>

APPROVED BY THE BOARD ON 7<sup>th</sup> AUGUST 1995 AND SIGNED ON ITS BEHALF BY:



PF GARNER  
DIRECTOR

The Notes on pages 6 to 10 form part of these accounts.

## **CANARY WHARF INVESTMENTS (THREE)**

---

### **NOTES TO THE ACCOUNTS AS AT 5 MAY 1995**

#### **1 PRINCIPAL ACCOUNTING POLICIES**

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

(1) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. Compliance with SSAP 19 'Accounting for Investment Properties' requires departure from the requirements of Companies Act 1985 relating to depreciation and an explanation of this departure is given in note 1(4) below.

(2) Profit and loss account

Rental income and rent payable are stated net of VAT. Rent payable comprises ground rents and other associated property costs. Administrative expenses comprise service charges and management fees.

(3) 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.

(4) Tangible fixed assets

Tangible fixed assets include long leasehold property interests held for investment; in accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit transferred to revaluation reserve.

No provision will be made for depreciation of long leasehold properties. This departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, will, in the opinion of the directors, be necessary for the accounts to show a true and fair view in accordance with applicable accounting standards. Depreciation or amortisation (which would, were the provisions of the Act to be followed, reduce profit for each year) is only one of the factors reflected in the annual valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

#### **2 AUDITORS' REMUNERATION**

Auditors' remuneration for both accounting periods was borne by fellow subsidiary undertakings.

## CANARY WHARF INVESTMENTS (THREE)

### NOTES TO THE ACCOUNTS AS AT 5 MAY 1995 (CONTINUED)

#### 3 INTEREST RECEIVABLE

	Year to 5 May 1995	Period to 5 May 1994
	£	£
Bank interest	268,684	90,795
Interest receivable from parent undertaking	368,372	-
Interest receivable from former group undertakings	-	2,769,609
	<u>637,056</u>	<u>2,860,404</u>

#### 4 TAXATION

No charge for taxation has been made in view of the availability of Enterprise Zone Allowances on the property interests purchased by the company.

#### 5 DIRECTORS' EMOLUMENTS

None of the Directors received any emoluments in respect of their services to the company during the year.

#### 6 EMPLOYEE INFORMATION

No staff were employed other than the Directors (Period to 5 May 1994 - Nil).

#### 7 DIVIDENDS

	Year to 5 May 1995	Period to 5 May 1994
	£	£
Dividend - proposed	<u>2,104,650</u>	<u>-</u>

#### 8 TANGIBLE FIXED ASSETS

Valuation, cost and net book amount:

	Long Leasehold £
As at 5 May 1994	43,350,000
Additions during period	<u>74,346,800</u>
As at 5 May 1995	<u>117,696,800</u>

On 24 August 1994 the company acquired a long leasehold interest in property within the Canary Wharf development from a fellow subsidiary undertaking, Canary Wharf Limited. The interest was acquired on the basis of an external open market valuation. As at 5 May 1995 the property interest was carried at the Directors' assessment of Open Market Value.



## CANARY WHARF INVESTMENTS (THREE)

### NOTES TO THE ACCOUNTS AS AT 5 MAY 1995 (CONTINUED)

#### 9 DEBTORS

	Due within one year 5 May 1995 £	Due after one year 5 May 1995 £	Due within one year 5 May 1994 £	Due after one year 5 May 1994 £
Amounts owed by parent undertaking and fellow subsidiary undertakings	7,314,984	6,506,237	-	6,137,865
Prepayments and accrued income	<u>37,868</u>	<u>-</u>	<u>504</u>	<u>-</u>
	<u>7,352,852</u>	<u>6,506,237</u>	<u>504</u>	<u>6,137,865</u>

#### 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	5 May 1995 £	5 May 1994 £
Other creditors	36,338	-
Amount due to parent and fellow subsidiary undertakings	2,688,938	-
Accruals and deferred income	<u>1,153,405</u>	<u>-</u>
	<u>3,878,681</u>	<u>-</u>

#### 11 DEFERRED TAXATION

No provision for deferred taxation is required as at 5 May 1995 (5 May 1994 - £Nil).

The full potential deferred taxation liability is as follows:

	Year to 5 May 1995 £	Period to 5 May 1994 £
Accelerated capital allowances	28,083,931	14,305,500
Short term timing differences	<u>-</u>	<u>(166)</u>
	<u>28,083,931</u>	<u>14,305,334</u>

#### 12 CALLED UP SHARE CAPITAL

Authorised Ordinary shares of £1 each:	£
As at 6 May 1994	78,726,998
Increased on 24 August 1994	<u>421,273,002</u>
As at 5 May 1995	<u>500,000,000</u>
Issued, allotted and fully paid on 5 May 1994	43,360,000
Issued, allotted and fully paid on 24 August 1994	<u>74,300,000</u>
As at 5 May 1995	<u>117,660,000</u>

## CANARY WHARF INVESTMENTS (THREE)

### NOTES TO THE ACCOUNTS AS AT 5 MAY 1995 (CONTINUED)

#### 12 CALLED UP SHARE CAPITAL (CONTINUED)

On 24 August 1994 the company issued at par 74,300,000 shares of £1 each for cash in order to finance the acquisition of a long leasehold interest as described in note 8 to the accounts.

#### 13 PROFIT AND LOSS ACCOUNT

	£
As at 6 May 1994	11,723,177
Retained profit for year	<u>4,157,327</u>
As at 5 May 1995	<u>15,880,504</u>

#### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' funds as at 6 May 1994	55,083,177
Increase in share capital	74,300,000
Retained profit for the year	<u>4,157,327</u>
Shareholders' funds at 5 May 1995	<u>133,540,504</u>

#### 15 FINANCIAL COMMITMENTS

As at 5 May 1995 the company was party to an indemnity under the terms of which it has entered into a fixed first ranking charge over £5.9 million of its cash deposits.

As at 5 May 1995 the company had also given a fixed charge over substantially all its assets and a floating charge over the remainder against the following bank borrowings:

- i) term loan and letter of credit facilities totalling £278.9 million made available to the Canary Wharf Group;
- ii) construction loan liabilities totalling £578 million plus the accumulated interest that would arise in the event of any member of the Canary Wharf Group becoming insolvent or a liquidator, administrator, receiver or similar officer being appointed or upon the occurrence of any other relevant event of default;
- iii) loan due to the European Investment Bank of £50 million plus the accumulated interest that would arise in the event of any member of the group becoming insolvent or a liquidator, administrator, receiver or similar officer being appointed or upon the occurrence of any other relevant event of default.

#### 16 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent company is Sylvester Investments Limited, registered in England and Wales, a company controlled by a consortium of certain of the lenders to the Canary Wharf Development in London's Docklands.

## **CANARY WHARF INVESTMENTS (THREE)**

---

### **NOTES TO THE ACCOUNTS AS AT 5 MAY 1995 (CONTINUED)**

#### **16 ULTIMATE PARENT UNDERTAKING (CONTINUED)**

The largest group into which the accounts of the company are consolidated are the consolidated accounts for the year ended 31 October 1994 of SIL. SIL is not required to produce further statutory accounts until 30 June 1995 and copies of these group accounts will be available from One Canada Square, Canary Wharf, London E14 5AB.