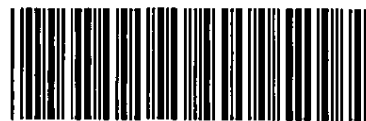


**CANARY WHARF INVESTMENTS (THREE)**  
**Registered Number: 2455786**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

THURSDAY



A33      \*AREEN2GY\*      63  
21/08/2008  
COMPANIES HOUSE

# **CANARY WHARF INVESTMENTS (THREE)**

## **FINANCIAL STATEMENTS**

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

### **THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their report with the audited financial statements for the year ended 31 December 2007. This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

#### **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.

As shown in the company's profit and loss account, the company's profit after tax for the year was £7,315,346 (2006 £4,933,851).

The balance sheet shows the company's financial position at the year end and indicates that net assets were £125,070,232 (2006 £122,654,886). Details of amounts owed to group companies are shown in Note 9.

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

#### **DIVIDENDS AND RESERVES**

The profit and loss account for the year ended 31 December 2007 is set out on page 6. Dividends of £4,900,000 (2006 £1,700,000) have been paid during the year and the retained profit of £2,415,346 (2006 profit of £3,233,851) has been transferred to reserves.

#### **DIRECTORS**

The directors of the company throughout the year ended 31 December 2007 were

A P Anderson II  
G Iacobescu  
R J J Lyons

The group has in place liability insurance covering the directors and other officers of group companies.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 234 ZA of the Companies Act 1985.

## CANARY WHARF INVESTMENTS (THREE)

### THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

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#### AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte & Touche LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days, beginning the day on which copies of this report and financial statements are sent to members, unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

BY ORDER OF THE BOARD



Joint Secretary

A M Holland

14 August 2008

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

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

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

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The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the year then ended. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 1985. 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 (THREE)**

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

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We have audited the financial statements of Canary Wharf Investments (Three) for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

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

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

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


---

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 financial statements 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 financial statements.

#### **Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**Deloitte & Touche LLP**  
**Chartered Accountants and Registered Auditors**  
London, UK

14 August 2008

## CANARY WHARF INVESTMENTS (THREE)

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
<b>TURNOVER</b>		32,464	11,000
Cost of sales		(37,848)	(17)
<b>GROSS (LOSS)/PROFIT</b>		(5,384)	10,983
Administrative expenses		—	(1,428)
<b>OPERATING (LOSS)/PROFIT</b>	<b>2</b>	(5,384)	9,555
Exceptional item			
Provision against fixed asset	<b>7</b>	(900)	(4,400)
Interest receivable and similar income	<b>3</b>	7,416,282	4,994,003
Interest payable and similar charges	<b>4</b>	(96,945)	(78,020)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		7,313,053	4,921,138
Tax on profit on ordinary activities	<b>5</b>	2,293	12,713
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR</b>	<b>12</b>	7,315,346	4,933,851

Movements in reserves are shown in Note 12 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 2007 or the year ended 31 December 2006 other than those included in the profit and loss account

The Notes on pages 8 to 13 form an integral part of these financial statements

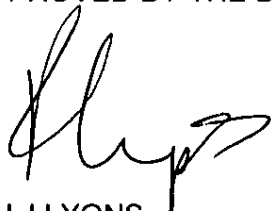
# CANARY WHARF INVESTMENTS (THREE)

## BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 December 2007 £	31 December 2006 £
<b>FIXED ASSETS</b>			
Tangible assets	7	181,700	182,600
<b>CURRENT ASSETS</b>			
Debtors	8	127,085,165	124,557,118
Cash at bank and in hand		15	15
		127,085,180	124,557,133
<b>CREDITORS: Amounts falling due within one year</b>	9	(2,161,782)	(2,047,688)
<b>NET CURRENT ASSETS</b>		124,923,398	122,509,445
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		125,105,098	122,692,045
Provisions for liabilities	10	(34,866)	(37,159)
<b>NET ASSETS</b>		125,070,232	122,654,886
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	117,660,000	117,660,000
Profit and loss account	12	7,410,232	4,994,886
<b>SHAREHOLDERS' FUNDS</b>	13	125,070,232	122,654,886

The Notes on pages 8 to 13 form an integral part of these financial statements

APPROVED BY THE BOARD ON 14 AUGUST 2008 AND SIGNED ON ITS BEHALF BY



R J J LYONS  
DIRECTOR

# **CANARY WHARF INVESTMENTS (THREE)**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **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 and in accordance with applicable United Kingdom accounting standards

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 in the period in which they fall due

#### **Turnover**

Turnover, representing rents receivable, is recognised net of VAT in the period in which the rents become due and arises wholly in the United Kingdom

#### **Tangible fixed assets**

Tangible fixed assets, comprising leasehold 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 require 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 is expected to be permanent and exceeds previous surpluses recognised on the same property, in which case the excess is charged to the profit and loss account.

# CANARY WHARF INVESTMENTS (THREE)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

---

### Deferred taxation

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.

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 3.1% to 3.2% 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)/PROFIT

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 (2006: £500) for the audit of the company has been borne by another group undertaking.

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Interest receivable from group undertakings	<u>7,416,282</u>	<u>4,994,003</u>

## CANARY WHARF INVESTMENTS (THREE)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

#### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Interest payable to group undertakings	<u>96,945</u>	<u>78,020</u>

#### 5. TAXATION

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Current tax		
UK Corporation tax (see below)	<u>—</u>	<u>—</u>
Deferred tax		
Net effect of discount	1,181	(696)
Effect of change in future tax rate	(2,490)	—
Origination and reversal of timing differences	<u>(984)</u>	<u>(12,017)</u>
Total deferred tax (Note 10)	<u>(2,293)</u>	<u>(12,713)</u>
Tax reconciliation		
Profit on ordinary activities before tax	<u>7,313,053</u>	<u>4,921,138</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	2,193,916	1,476,341
Effects of		
Expenses not deductible for tax purposes	270	1,320
Tax losses and other timing differences	<u>(2,194,186)</u>	<u>(1,477,661)</u>
Current tax charge for the year	<u>—</u>	<u>—</u>

No provision for corporation tax has been made since the 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. It is anticipated that group relief and other tax reliefs will impact on future tax charges. There is no unprovided deferred taxation.

#### 6. DIVIDENDS

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Dividends paid during the year (4 16 pence per share) (2006 1 44 pence per share)	<u>4,900,000</u>	<u>1,700,000</u>

## CANARY WHARF INVESTMENTS (THREE)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

#### 7. TANGIBLE FIXED ASSETS

	Long Leasehold Properties £
<b>COST</b>	
At 1 January 2007 and 31 December 2007	<u>310,000</u>
<b>PROVISION</b>	
At 1 January 2007	127,400
Movement for the year	900
At 31 December 2007	<u>128,300</u>
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>181,700</u>
At 31 December 2006	<u>182,600</u>

As at 31 December 2007 the company's residual leasehold property interests were valued by the directors, Savills Commercial Limited, Chartered Surveyors and CB Richard Ellis Limited, Surveyors and Valuers. The valuation resulted in an increase in the provision for diminution of £900, which has been taken to the profit and loss account and treated as an exceptional item. This item did not give rise to deferred tax.

#### 8. DEBTORS

	31 December 2007 £	31 December 2006 £
Trade debtors	8,765	—
Loan to fellow subsidiary undertaking	127,060,771	124,544,489
Amount owed by fellow subsidiary undertaking	15,629	9,629
Prepayments and accrued income	—	3,000
	<u>127,085,165</u>	<u>124,557,118</u>

The loan to a fellow subsidiary undertaking is repayable on demand and carries interest at a rate linked to LIBOR.

## CANARY WHARF INVESTMENTS (THREE)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

#### 9. CREDITORS: Amounts falling due within one year

	31 December 2007 £	31 December 2006 £
Loan from fellow subsidiary undertaking	1,856,515	1,759,570
Amount owed to fellow subsidiary undertaking	301,265	230,568
Other creditors	2	57,545
Accruals and deferred income	4,000	5
	<u>2,161,782</u>	<u>2,047,688</u>

The loan from a fellow subsidiary undertaking bears interest at a rate linked to LIBOR and is repayable on demand

#### 10. PROVISIONS FOR LIABILITIES

	31 December 2007 £	31 December 2006 £
Accelerated capital allowances	53,200	56,100
Undiscounted deferred tax liability	53,200	56,100
Discount	(18,334)	(18,941)
Discounted deferred tax liability	<u>34,866</u>	<u>37,159</u>
Brought forward	37,159	49,872
Deferred tax credit in profit and loss account for the period	(2,293)	(12,713)
Carried forward	<u>34,866</u>	<u>37,159</u>

#### 11. CALLED-UP SHARE CAPITAL

##### Authorised share capital:

	31 December 2007 £	31 December 2006 £
500,000,000 Ordinary shares of £1 each	<u>500,000,000</u>	<u>500,000,000</u>

##### Allotted, called up and fully paid:

	31 December 2007 £	31 December 2006 £
117,660,000 Ordinary shares of £1 each	<u>117,660,000</u>	<u>117,660,000</u>

## CANARY WHARF INVESTMENTS (THREE)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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#### 12. RESERVES

	Profit and loss account £
At 1 January 2007	4,994,886
Profit for the year	7,315,346
Dividends	(4,900,000)
At 31 December 2007	<u>7,410,232</u>

#### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2007 £	31 December 2006 £
Opening shareholders' funds	122,654,886	119,421,035
Profit for the year	7,315,346	4,933,851
Dividends paid	(4,900,000)	(1,700,000)
Closing shareholders' funds	<u>125,070,232</u>	<u>122,654,886</u>

#### 14. RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf Investments (Two) Limited and its ultimate parent undertaking is Songbird Estates plc. Both companies are registered in England and Wales.

As at 31 December 2007, Songbird Estates plc was the parent company of the largest group of which the company is a member and Canary Wharf Group plc was the parent undertaking of the smallest group of which the company is a member. Copies of the financial statements of Songbird Estates plc and Canary Wharf Group plc 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 FRS8 allowing the company not to disclose related party transactions with respect to other group companies.