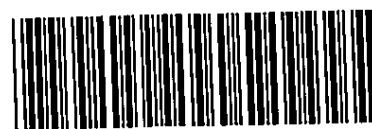


**CANARY WHARF HOLDINGS LIMITED**  
**Registered Number: 2798284**

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

**SATURDAY**



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# **CANARY WHARF HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS**

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# **CANARY WHARF HOLDINGS LIMITED**

## **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

### **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 to act as a holding company for the Canary Wharf Holdings Limited Group (the 'CWHL Group') which is involved in property development, investment and management. All activities take place within the United Kingdom. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

As shown in the company's profit and loss account, the company's profit after tax for the year was £90,778,359 (2006 £311,226,212)

The balance sheet shows the company's financial position at the year end and indicates that net assets were £904,738,755 (2006 £853,040,955). Details of amounts owed to group companies are shown in Note 9.

The Canary Wharf Group (comprising Canary Wharf Group plc and its subsidiaries) manages its operations on a unified basis. For this reason, the company's directors believe that key performance indicators specific to the company are not necessary or appropriate for an understanding of the development, performance or position of its business. The performance of the Canary Wharf Group, which includes the company, is discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

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 7. Dividends of £110,500,000 (2006 £400,000,000) have been paid during the year and the retained loss of £19,721,641 (2006 loss of £88,773,788) has been transferred from 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.

# **CANARY WHARF HOLDINGS LIMITED**

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

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### **PRINCIPAL RISKS AND UNCERTAINTIES**

As a member of the Canary Wharf Group the key risks facing the company include the cyclical nature of the property market, financing risk and concentration risk

The valuation of Canary Wharf Group's assets is subject to many external economic and market factors which are cyclical in nature. These cycles manifest themselves in the property market by such factors as the oversupply of available space in the office market, a decline in tenant demand for space in London or a change in the market perception of property as an investment. Such potential factors are monitored in order to ensure that the company can react swiftly and flexibly should the need arise. The upheaval in the financial markets during 2007 triggered by the problems in the US sub prime mortgage market impacted onto the UK property and financial markets in general. The impact of this market and banking upheaval on the business of the company has been, and continues to be, closely monitored.

The broader economic cycle inevitably leads to movement in inflation, interest rates and bond yields. The company finances its operations largely through surplus cash and intercompany finance. The terms of the company's borrowings are summarised in Note 9.

Canary Wharf Group's real estate assets are currently located on or adjacent to the Canary Wharf Estate. Wherever possible steps are taken to mitigate or avoid material consequence arising from this concentration.

The principal risks facing the Canary Wharf Group are discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

### **POLICY ON THE PAYMENT OF CREDITORS**

In respect of the company's suppliers it is the company's policy to settle the terms of payment with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment.

The company had no outstanding trade creditors at 31 December 2007 or 31 December 2006.

### **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 HOLDINGS LIMITED

## 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

26 June 2008

A M Holland

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

# **CANARY WHARF HOLDINGS LIMITED**

## **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 HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF HOLDINGS LIMITED**

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We have audited the financial statements of Canary Wharf Holdings Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, 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 HOLDINGS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF HOLDINGS LIMITED

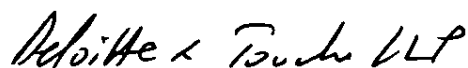
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We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material 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

26 June 2008



# CANARY WHARF HOLDINGS LIMITED

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

	Note	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Income from fixed asset investments	7	96,440,791	314,900,000
<b>GROSS PROFIT</b>		<b>96,440,791</b>	<b>314,900,000</b>
Administrative expenses		(3,505)	(342,631)
<b>OPERATING PROFIT</b>	2	<b>96,437,286</b>	<b>314,557,369</b>
Interest receivable and similar income	3	546,785	1,760,320
Interest payable and similar charges	4	(6,205,712)	(5,091,477)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>90,778,359</b>	<b>311,226,212</b>
Tax on profit on ordinary activities	5	—	—
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR</b>	11	<b>90,778,359</b>	<b>311,226,212</b>

Movements in reserves are shown in Note 11 of these financial statements

All amounts relate to continuing activities in the United Kingdom

The Notes on pages 10 to 15 form an integral part of these financial statements

## **CANARY WHARF HOLDINGS LIMITED**

### **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2007**

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	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Profit for the financial year	90,778,359	311,226,212
Unrealised surplus/(deficit) on revaluation of Fixed asset investments	<u>71,419,441</u>	<u>(81,049,541)</u>
Total recognised gains relating to the year	<u>162,197,800</u>	<u>230,176,671</u>

The Notes on pages 10 to 15 form an integral part of these financial statements

# CANARY WHARF HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 December 2007 £	31 December 2006 £
<b>FIXED ASSETS</b>			
Investments	7	931,570,534	860,151,093
<b>CURRENT ASSETS</b>			
Debtors	8	64,816,217	123,680,206
Cash at bank		225,850	2,708
		65,042,067	123,682,914
<b>CREDITORS: Amounts falling due within one year</b>	9	(91,873,846)	(130,793,052)
<b>NET CURRENT LIABILITIES</b>		(26,831,779)	(7,110,138)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		904,738,755	853,040,955
<b>NET ASSETS</b>		904,738,755	853,040,955
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	405,105,001	405,105,001
Revaluation reserve	11	487,079,410	415,659,969
Profit and loss account	11	12,554,344	32,275,985
<b>SHAREHOLDERS' FUNDS</b>	12	904,738,755	853,040,955

The Notes on pages 10 to 15 form an integral part of these financial statements

APPROVED BY THE BOARD ON 26 JUNE 2008 AND SIGNED ON ITS BEHALF BY



R J J LYONS  
DIRECTOR

# CANARY WHARF HOLDINGS LIMITED

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

---

### 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 investments, 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

#### Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the company's balance sheet at the net asset value of the subsidiaries before provision for deferred tax. Increases or decreases in the net asset value of the subsidiaries are taken to the revaluation reserve other than any provision for impairment which is charged to the profit and loss account. The directors consider that this policy presents fairly the company's investment in its subsidiaries

#### Income from investments

Investment income comprises dividends paid by the company's subsidiary undertakings during the accounting period

### 2. OPERATING PROFIT

Operating profit is stated after charging

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Remuneration of the auditors		
Audit fees for the audit of the company	4,000	3,000

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

# CANARY WHARF HOLDINGS LIMITED

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

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Bank interest receivable	63	97,903
Interest receivable from group undertakings	546,722	1,662,417
	<u>546,785</u>	<u>1,760,320</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Interest payable to group undertakings	<u>6,205,712</u>	<u>5,091,477</u>

### 5. TAXATION

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Current tax		
UK Corporation tax (see below)	<u>—</u>	<u>—</u>
Tax reconciliation		
Profit on ordinary activities before tax	<u>90,778,359</u>	<u>311,226,212</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	27,233,508	93,367,864
Effects of		
Items not chargeable to tax	(28,932,237)	(94,470,000)
Tax losses and other timing differences	<u>1,698,729</u>	<u>1,102,136</u>
Current tax charge for the year	<u>—</u>	<u>—</u>

No provision for taxation has been made in view of the tax loss for the year. It is anticipated that tax losses will impact on future tax charges. There is no unprovided deferred taxation.

# CANARY WHARF HOLDINGS LIMITED

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

### 6. DIVIDENDS

	Year Ended 31 December 2007 £	Year Ended 31 December 2006 £
Dividends paid during the year (£0 27 per share) (2006 £0 99 per share)	<u>110,500,000</u>	<u>400,000,000</u>

### 7. INVESTMENTS

	Shares in Group Undertakings £
<b>COST OR VALUATION</b>	
At 1 January 2007	860,151,093
Revaluations	<u>71,419,441</u>
At 31 December 2007	<u>931,570,534</u>
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>931,570,534</u>
At 31 December 2006	<u>860,151,093</u>

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

At 31 December 2007	<u>444,491,124</u>
At 31 December 2006	<u>444,491,124</u>

At 31 December 2007 the company's principal subsidiary undertakings were as follows

Name	Description of shares held	Principal activities
Canary Wharf Limited	Ordinary £1 shares and redeemable preferred ordinary £1 shares	Property development
Canary Wharf Contractors Limited	Ordinary £1 shares	Property contractors
Heron Quays Properties Limited	Ordinary £1 shares	Property development
Canary Wharf Investments Limited	Ordinary £1 shares and deferred £1 shares	Property investment
CWCB Holdings Limited	Ordinary £1 shares	Investment holding
CW Finance Holdings II Limited	Ordinary £1 shares	Finance company
CWCB Finance II Limited	Ordinary £1 shares	Finance company
Norquil Limited	Ordinary £1 shares	Property investment
Canary Wharf Telecoms Limited	Ordinary £1 shares	Telecommunication services
CWBC Finance (BP1) Limited	Ordinary £1 shares	Finance company

The above are wholly owned subsidiaries registered in England and Wales. A complete list of the company's subsidiary undertakings will be appended when the company submits its annual return.

# CANARY WHARF HOLDINGS LIMITED

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

Dividends totalling £96,440,791 (2006 £314,900,000) were paid by the company's subsidiaries during the year ended 31 December 2007

In accordance with section 228 of the Companies Act 1985, 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 14)

The directors are of the opinion that the value of the company's investments at 31 December 2007 was not less than the amount shown in the company's balance sheet

### 8. DEBTORS

	31 December 2007 £	31 December 2006 £
Amounts owed by subsidiary undertakings	16,832,017	17,153,884
Loans to subsidiary undertakings	47,984,200	106,521,502
Other debtors	—	4,820
	<u>64,816,217</u>	<u>123,680,206</u>

Loans to subsidiary undertakings bear interest at rates linked to LIBOR and are repayable on demand

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

	31 December 2007 £	31 December 2006 £
Loan from parent undertaking	71,686	67,870
Loan from subsidiary undertaking	75,805,471	114,749,990
Amount owed to parent undertaking	1,720,770	1,920,352
Amounts owed to subsidiary undertakings	14,271,919	14,048,840
Accruals and deferred income	4,000	6,000
	<u>91,873,846</u>	<u>130,793,052</u>

Loans from group undertakings bear interest at rates linked to LIBOR and are repayable on demand

# CANARY WHARF HOLDINGS LIMITED

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

### 10. CALLED-UP SHARE CAPITAL

#### Authorised share capital:

	31 December 2007 £	31 December 2006 £
405,115,000 Ordinary shares of £1 each	405,115,000	405,115,000
95,000,000 Preferred redeemable ordinary shares of £1 each	95,000,000	95,000,000
	<u>500,115,000</u>	<u>500,115,000</u>

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

	31 December 2007 £	31 December 2006 £
405,105,001 Ordinary shares of £1 each	<u>405,105,001</u>	<u>405,105,001</u>

### 11. RESERVES

	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2007	415,659,969	32,275,985	447,935,954
Profit for the year	–	90,778,359	90,778,359
Dividends	–	(110,500,000)	(110,500,000)
Revaluation of fixed assets	71,419,441	–	71,419,441
At 31 December 2007	<u>487,079,410</u>	<u>12,554,344</u>	<u>499,633,754</u>

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

	31 December 2007 £	31 December 2006 £
Opening shareholders' funds	853,040,955	617,864,284
Reclassification of preferred redeemable ordinary shares	–	405,000,000
Profit for the year	90,778,359	311,226,212
Dividends paid	(110,500,000)	(400,000,000)
Revaluation	71,419,441	(81,049,541)
Closing shareholders' funds	<u>904,738,755</u>	<u>853,040,955</u>

### 13. CAPITAL COMMITMENTS

As at 31 December 2007 the company had given guarantees in respect of the performance of certain other group undertakings under certain agreements for lease



# **CANARY WHARF HOLDINGS LIMITED**

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

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### **14. RELATED PARTIES**

The company's immediate parent undertaking is Canary Wharf Estate 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.