

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

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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 2008**

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The directors present their report with the audited financial statements for the year ended 31 December 2008.

### **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 £43,019,077 (2007: £90,778,359).

The balance sheet shows the company's financial position at the year end and indicates that net assets were £1,233,002,025 (2007: £904,738,755). 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 2008 is set out on page 7. No dividends have been paid or proposed (2007: £110,500,000) and the retained profit of £43,019,077 (2007: loss of £19,721,641) 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 (including the principal risks and uncertainties), 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 HOLDINGS LIMITED**

## **THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **DIRECTORS**

The directors of the company throughout the year ended 31 December 2008 were:

A P Anderson II  
G Iacobescu  
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. Neither the indemnity or the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

#### **Property Market Upheaval**

The valuation of Canary Wharf Group's assets is subject to many external economic and market factors which are cyclical in nature. The unprecedented turmoil in the financial markets has been reflected in the property market by such factors as the oversupply of available space in the office market, a recent significant decline in tenant demand for space in London and a change in the market perception of property as an investment resulting in a negative impact on property valuations in general. Such issues are kept under constant review so that the company as part of the Canary Wharf Group can react appropriately. The impact of the ongoing upheaval in the property and financial markets continues to be closely monitored.

#### **Financing Risk**

The broader economic cycle inevitably leads to movements in inflation, interest rates and bond yields. The company finances its operations largely through surplus cash and intercompany finance. The unprecedented turmoil in the financial markets has resulted in an unusually pronounced negative impact on the real estate market. In the current difficult economic environment there is an increased risk that further softening of yields could put pressure on the loan to value covenants in the facilities of Canary Wharf Group.

#### **Concentration Risk**

The majority of Canary Wharf Group's real estate assets, including the assets of the company, are currently located on or adjacent to the Canary Wharf Estate, with tenants that are mainly linked to the financial services industry. Wherever possible steps are taken to mitigate or avoid material consequences 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.

# **CANARY WHARF HOLDINGS LIMITED**

## **THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008**

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### **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.

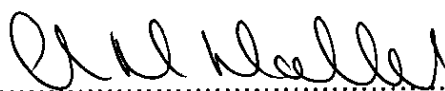
The company had no outstanding trade creditors at 31 December 2008 or 31 December 2007.

### **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 234ZA of the Companies Act 1985.

BY ORDER OF THE BOARD

  
.....Joint Secretary  
A M Holland

26 June 2009

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

# **CANARY WHARF HOLDINGS LIMITED**

## **STATEMENT OF THE 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 results 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 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 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 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 2008 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 state of the company's affairs as at 31 December 2008 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 LLP**  
**Chartered Accountants and Registered Auditors**  
London, UK

26 June 2009

# CANARY WHARF HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Year Ended 31 December 2008 £	Year Ended 31 December 2007 £
Income from fixed asset investments	7	70,970,815	96,440,791
<b>GROSS PROFIT</b>		<b>70,970,815</b>	<b>96,440,791</b>
Administrative expenses before exceptional items		(19,062)	(3,505)
Exceptional items:			
Waiver of group debtors	8	(5,004,100)	—
Provision against group debtors	8	(11,042,566)	—
<b>OPERATING PROFIT</b>	2	<b>54,905,087</b>	<b>96,437,286</b>
Interest receivable and similar income	3	219,124	546,785
Interest payable and similar charges	4	(3,155,134)	(6,205,712)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>51,969,077</b>	<b>90,778,359</b>
Tax on profit on ordinary activities	5	(8,950,000)	—
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR</b>	11	<b>43,019,077</b>	<b>90,778,359</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 16 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 2008**

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	Year Ended 31 December 2008 £	Year Ended 31 December 2007 £
Profit for the financial year	43,019,077	90,778,359
Unrealised surplus on revaluation of: Fixed asset investments	<u>285,244,193</u>	<u>71,419,441</u>
Total recognised gains relating to the year	<u>328,263,270</u>	<u>162,197,800</u>

The Notes on pages 10 to 16 form an integral part of these financial statements.

# CANARY WHARF HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	31 December 2008 £	31 December 2007 £
<b>FIXED ASSETS</b>			
Investments	7	1,216,814,727	931,570,534
<b>CURRENT ASSETS</b>			
Debtors	8	40,937,568	64,816,217
Cash at bank		230,069	225,850
		41,167,637	65,042,067
<b>CREDITORS: Amounts falling due within one year</b>	9	(24,980,339)	(91,873,846)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		16,187,298	(26,831,779)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,233,002,025	904,738,755
<b>NET ASSETS</b>		1,233,002,025	904,738,755
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	10	405,105,001	405,105,001
Revaluation reserve	11	772,323,603	487,079,410
Profit and loss account	11	55,573,421	12,554,344
<b>SHAREHOLDERS' FUNDS</b>	12	1,233,002,025	904,738,755

The Notes on pages 10 to 16 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 26 JUNE 2009 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 2008**

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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, modified to include the revaluation of properties 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.

#### **Income from investments**

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

#### **Interest receivable and interest payable**

Interest receivable and payable are recognised on an accruals basis in the period in which they fall due.

#### **Investments**

Investments in subsidiary undertakings are stated in the company's balance sheet at the net asset value of the subsidiaries before the 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.

#### **Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially 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.

# CANARY WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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### 2. OPERATING PROFIT

Operating profit is stated after charging:

	Year Ended 31 December 2008 £	Year Ended 31 December 2007 £
Remuneration of the auditors:		
Audit fees for the audit of the company	3,000	4,000

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 2008 £	Year Ended 31 December 2007 £
Bank interest receivable	4,219	63
Interest receivable from group undertakings	214,905	546,722
	<u>219,124</u>	<u>546,785</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2008 £	Year Ended 31 December 2007 £
Interest payable to group undertakings	<u>3,155,134</u>	<u>6,205,712</u>

# CANARY WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 5. TAXATION

	Year Ended 31 December 2008 £	Year Ended 31 December 2007 £
Current tax:		
UK corporation tax	8,950,000	—
Total current tax	8,950,000	—
Tax reconciliation:		
Profit on ordinary activities before tax	51,969,077	90,778,359
Tax on profit on ordinary activities at UK corporation tax rate of 28.5% (2007: 30%)	14,811,187	27,233,508
Effects of:		
Items not chargeable to tax	(20,226,682)	(28,932,237)
Tax losses and other timing differences	14,365,495	1,698,729
Current tax charge for the year	8,950,000	—

The tax rate of 28.5% is calculated by reference to the current corporation tax rate of 28% which was in effect for the final three quarters of the year and the previous rate of 30% which was in effect for the first quarter of the year.

The company intends to partially mitigate its liability to corporation tax by using group reliefs that will be made available, without charge, to the company by other companies in the group.

### 6. DIVIDENDS

	Year Ended 31 December 2008 £	Year Ended 31 December 2007 £
Dividends paid during the prior year (£0.27 per share)	—	110,500,000

# CANARY WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 7. INVESTMENTS

#### Fixed asset investments

	£
At 1 January 2008	931,570,534
Revaluations	285,244,193
At 31 December 2008	<u>1,216,814,727</u>

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

At 31 December 2008	<u>444,491,124</u>
At 31 December 2007	<u>444,491,124</u>

At 31 December 2008 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
Canary Wharf Telecoms Limited	Ordinary £1 shares	Telecommunication services
CWBC Finance (BP1) Limited	Ordinary £1 shares	Finance company
CWG (Wood Wharf) Holdings Limited	Ordinary £1 shares	Investment holding

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.

Dividends totalling £70,970,815 (2007: £96,440,791) were paid by the company's subsidiaries during the year ended 31 December 2008.

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 2008 was not less than the amount shown in the company's balance sheet.

# CANARY WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 8. DEBTORS

	31 December 2008 £	31 December 2007 £
Amount owed by subsidiary undertaking	38,802,099	16,832,017
Loan to subsidiary undertaking	2,135,469	47,984,200
	<u>40,937,568</u>	<u>64,816,217</u>

The loan to a subsidiary undertaking carries interest at a rate of 10% subject to certain caps and is repayable on demand.

The company has made a provision of £11,042,566 against its loan to a subsidiary undertaking, which was in a net liability position at 31 December 2008. This item has been taken to the profit and loss account and treated as an exceptional item.

On 30 December 2008, the company waived two outstanding balances with subsidiary undertakings totalling £5,004,100. This item has been taken to the profit and loss account and treated as an exceptional item as this capital contribution cannot be supported by reference to the net asset value of the companies.

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

	31 December 2008 £	31 December 2007 £
Loan from parent undertaking	—	71,686
Loan from subsidiary undertaking	—	75,805,471
Amount owed to parent undertaking	1,720,771	1,720,770
Amount owed to subsidiary undertaking	14,271,898	14,271,919
Corporation tax	8,950,000	—
Accruals and deferred income	37,670	4,000
	<u>24,980,339</u>	<u>91,873,846</u>

Loans from group undertakings carried interest at rates linked to LIBOR and were repaid during the year.

# CANARY WHARF HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

### 10. CALLED-UP SHARE CAPITAL

#### Authorised share capital:

	31 December 2008 £	31 December 2007 £
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 2008 £	31 December 2007 £
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 2008	487,079,410	12,554,344	499,633,754
Profit for the year	–	43,019,077	43,019,077
Revaluation of fixed assets	285,244,193	–	285,244,193
At 31 December 2008	<u>772,323,603</u>	<u>55,573,421</u>	<u>827,897,024</u>

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

	31 December 2008 £	31 December 2007 £
Opening shareholders' funds	904,738,755	853,040,955
Profit for the year	43,019,077	90,778,359
Dividends paid	–	(110,500,000)
Revaluation	285,244,193	71,419,441
Closing shareholders' funds	<u>1,233,002,025</u>	<u>904,738,755</u>

### 13. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 31 December 2008 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 2008**

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### **14. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS**

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

As at 31 December 2008, 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.