

CANARY WHARF (CAR PARKS) LIMITED
Registered Number: 3682170

DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1999



CANARY WHARF (CAR PARKS) LIMITED

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CANARY WHARF (CAR PARKS) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 1999

The directors present herewith the audited accounts for the period ended 30 June 1999.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Canary Wharf Investments Limited (CWIL), a company registered in England. The company's ultimate UK parent is Canary Wharf Group plc (CWG) and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

INCORPORATION

The company was incorporated on 7 December 1998 with authorised share capital of 100 ordinary £1 shares of which £1 was issued.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is managing the car parking facilities of the Canary Wharf development.

On 23 December 1998 the company acquired from a fellow subsidiary undertaking long leasehold interests in three of the car parks at Canary Wharf for a consideration of £18.5 million.

DIVIDENDS AND RESERVES

The profit and loss account for the period ended 30 June 1999 is set out on page 5. The directors do not recommend the payment of a dividend and the retained profit of £579,971 is to be transferred to reserves.

DIRECTORS

The directors of the company during the period ended 30 June 1999 were:

A P Anderson (appointed 7 December 1998)
G Iacobescu (appointed 7 December 1998)
G Rothman (appointed 7 December 1998)
Mawlaw Corporate Services (resigned 7 December 1998)

DIRECTORS' INTERESTS

The directors have been granted options to subscribe for ordinary shares in CWG. Details of interests and options to subscribe for shares in CWG issued to the directors are disclosed in the accounts of CWG.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertaking or any of its United Kingdom subsidiaries at 30 June 1999 or at any time throughout the period then ended.

CANARY WHARF (CAR PARKS) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 1999

YEAR 2000 COMPLIANCE


The Group has assessed the impact of the Year 2000 issue on its reporting systems and operations and on the basis of this assessment has formulated an action plan for dealing with the issues associated with the date change, with a view to rectifying any Year 2000 problem before 2000 and minimising the impact of third parties' lack of Year 2000 compliance. Work has been completed on the core financial system and is progressing according to plan in respect of other business information and operational systems and will be completed prior to the year end. Costs are taken to the profit and loss account for the period in which they are incurred.

After allowing for recoveries, costs incurred in upgrading the Group's systems during the year were not significant. Moreover, the financial cost to be borne by the Group in ensuring compliance with the remaining Year 2000 issues is not expected to be significant to the Group during the subsequent accounting period.

AUDITORS

The company's incumbent auditors, Arthur Andersen, have indicated their willingness to continue in office and a resolution confirming their re-appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD


..... Company Secretary
J R Garwood

16 September 1999

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

STATEMENT OF THE 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 results of the company for the period then ended. In preparing these 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have a 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.

London

**AUDITORS' REPORT TO THE MEMBERS OF
CANARY WHARF (CAR PARKS) LIMITED**

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 judgements 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 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 the 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 30 June 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants
and Registered Auditors
1 Surrey Street
London
WC2R 2PS

16 September 1999

CANARY WHARF (CAR PARKS) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1999

	Notes	Period Ended 30 June 1999
		£
Turnover		1,541,684
Cost of sales		(320,261)
GROSS PROFIT		1,221,423
Administrative expenses		(30,150)
OPERATING PROFIT	2	1,191,273
Interest receivable	3	3,178
Interest payable and similar charges	4	(614,480)
PROFIT FOR THE FINANCIAL PERIOD	11	579,971

Movements in reserves are shown in Note 11 of these accounts.

All amounts relate to continuing activities.

The notes on pages 8 to 12 form part of these accounts.

CANARY WHARF (CAR PARKS) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 30 JUNE 1999

	Period Ended 30 June 1999
	<hr/>
	£
Profit for the financial period	579,971
Unrealised surplus on revaluations of properties	<hr/> 1,800,000
Total recognised gains relating to the year	<hr/> <hr/> 2,379,971

The notes on pages 8 to 12 form part of these accounts.

CANARY WHARF (CAR PARKS) LIMITED**BALANCE SHEET AS AT 30 JUNE 1999**

	Notes	30 June 1999
		£
FIXED ASSETS		
Tangible assets	6	20,382,950
CURRENT ASSETS		
Debtors	7	667,160
Cash at bank and in hand		868,538
		1,535,698
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(7,777,711)
NET CURRENT LIABILITIES		(6,242,013)
TOTAL ASSETS LESS CURRENT LIABILITIES		14,140,937
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(11,760,965)
NET ASSETS		2,379,972
CAPITAL AND RESERVES		
Called up share capital	10	1
Revaluation reserve	11	1,800,000
Profit and loss account	11	579,971
SHAREHOLDERS' FUNDS - EQUITY	12	2,379,972

The notes on pages 8 to 12 form part of these accounts.

APPROVED BY THE BOARD ON 16TH SEPTEMBER 1999 AND SIGNED ON ITS BEHALF
BY:



A.P. ANDERSON
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

1 PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period, is set out below.

Accounting Convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable accounting standards.

In accordance with the provisions of Financial Reporting Standard (FRS) 1 (Revised), a cash flow statement has not been prepared as the company is a wholly-owned subsidiary of a body incorporated in the European Union. A consolidated cash flow statement will be included in the accounts of CWG.

Turnover

Turnover, representing rents receivable, is recognised net of VAT in the period in which the rents become due.

Tangible fixed assets

Tangible fixed assets are depreciated so as to write off the cost in equal annual instalments over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Plant, machinery, fixtures and fittings	25

Investment properties

Leasehold investment properties, are revalued annually in accordance with SSAP 19. No provision has been made for depreciation of investment properties and 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 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.

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.

CANARY WHARF (CAR PARKS) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

2 OPERATING PROFIT

	Period Ended 30 June 1999 £
The operating profit is stated after charging:	
Depreciation (Note 6)	27,650
Remuneration of the auditors:	
Audit fees	<u>2,500</u>

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

No staff were employed by the company other than the directors.

3 INTEREST RECEIVABLE

	Period Ended 30 June 1999 £
Bank interest receivable	<u>3,178</u>
	<u>3,178</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Period Ended 30 June 1999 £
Bank loans and overdrafts	387,179
Interest payable to Group undertakings	<u>227,301</u>
	<u>614,480</u>

5 TAXATION

No provision for taxation has been made since the profit for the period 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.

There is no unprovided deferred taxation. The group has substantial tax losses which may impact on the company's future tax charge.

CANARY WHARF (CAR PARKS) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

6 TANGIBLE FIXED ASSETS

	Investment Properties	Fixtures and Fittings	Total
Cost or valuation	£	£	£
Additions	18,500,000	110,600	18,610,600
Revaluation	1,800,000	-	1,800,000
At 30th June 1999	<u>20,300,000</u>	<u>110,600</u>	<u>20,410,600</u>
Depreciation			
Charge for the period	-	27,650	27,650
At 30th June 1999	<u>-</u>	<u>27,650</u>	<u>27,650</u>
Net Book Value			
At 30th June 1999	<u>20,300,000</u>	<u>82,950</u>	<u>20,382,950</u>

On 30 December 1998 the company acquired from a fellow subsidiary undertaking long leasehold interests in three car parks at Canary Wharf for a consideration of £18.5 million derived on the basis of an external Open Market Valuation.

As at 30 June 1999 the company's leasehold property interests were valued by the group's external property advisers, FPD Savills, Chartered Surveyors, on the basis of Open Market Value in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute 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 surplus of £1,800,000 which has been transferred to the revaluation reserve.

7 DEBTORS

	30 June 1999
	£
Trade debtors	73,557
Amount owed by parent undertaking	1
Amounts owed by fellow subsidiary undertakings	574,288
Other debtors	8,336
Prepayments and accrued income	10,978
	<u>667,160</u>

CANARY WHARF (CAR PARKS) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1999
	£
Loans owed to fellow subsidiary undertakings	7,038,960
Amounts owed to fellow subsidiary undertakings	429,418
Other creditors	154,059
Accruals and deferred income	155,274
	<u>7,777,711</u>

Loans owed to group companies carry interest at rates linked to LIBOR and is repayable in 2003.

9 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	30 June 1999
	£
Bank loan	11,760,965
	<u>11,760,965</u>

During the period a five year loan was arranged, secured by first ranking fixed and floating charges over the company's car parking interests within the first phase of Canary Wharf and over certain cash deposits. The loan bears interest at a margin of 0.85% over LIBOR.

10 SHARE CAPITAL

	30 June 1999
	£
Equity Shares	
Ordinary shares of £1 each	
Authorised	100
Issued, allotted and fully paid	<u>1</u>

11 RESERVES

	Revaluation Reserve	Profit and Loss Account	Total
	£	£	£
Profit for the financial period	-	579,971	579,971
Revaluation	1,800,000	-	1,800,000
At 30 June 1999	<u>1,800,000</u>	<u>579,971</u>	<u>2,379,971</u>

CANARY WHARF (CAR PARKS) LIMITED

NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 30 JUNE 1999

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Profit for the financial period	579,971
Revaluation	1,800,000
Issue of share capital	1
	<hr/>
Shareholders' funds as at 30 June 1999	2,379,972
	<hr/>

13 RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf Investments Limited, a company registered in England. The company's ultimate UK parent is Canary Wharf Group plc and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

Copies of the consolidated accounts of CWG 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.