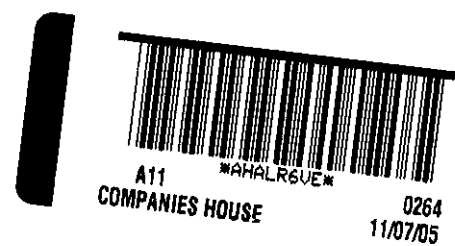


CWBC PROPERTIES (BP1) LIMITED
Registered Number: 4610749

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD TO 31 DECEMBER 2004



CWBC PROPERTIES (BP1) LIMITED

FINANCIAL STATEMENTS

CONTENTS

	PAGE
The Directors' Report	1
Statement of the Directors' Responsibilities in Respect of the Financial Statements	3
Independent Auditors' Report	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8

CWBC PROPERTIES (BP1) LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004

The directors present their report with the audited financial statements for the period ended 31 December 2004.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is CWCB Holdings Limited and its ultimate parent undertaking is Songbird Estates plc ('Songbird'), both companies are registered in England and Wales.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is property investment. At present this activity is concentrated on the Canary Wharf development in London's Docklands.

The company has changed its accounting reference date from 30 June to 31 December to be consistent with its ultimate parent undertaking.

In September 2003, the company entered into a finance lease agreement in relation to 1 Churchill Place, a property then under construction. The building reached practical completion in July 2004. Following this, in accordance with the terms of the transaction, the company acquired a 999 year (less 15 days) lease of the building with finance rents payable over a 35 year period.

FUTURE DEVELOPMENTS

The company is expected to continue with its principal activity for the foreseeable future.

DIVIDENDS AND RESERVES

The profit and loss account for the period ended 31 December 2004 is set out on page 6. The directors do not recommend the payment of a dividend (2004: £Nil) and the retained loss of £433,213 (2004: loss of £19,807,747) is to be transferred to reserves.

DIRECTORS

The directors of the company throughout the period ended 31 December 2004 were:

A P Anderson II
G Iacobescu
R Lyons

DIRECTORS' INTERESTS

The directors have been granted options to subscribe for ordinary class B shares in Songbird. All outstanding options to subscribe for ordinary shares in Canary Wharf Group plc as at 30 June 2004 were waived during the period in consideration for the granting of an award under The Canary Wharf 2004 Deferred Share Plan. Details of interests and options to subscribe for shares in Songbird are disclosed as appropriate in the financial statements of either of the intermediate parent companies, Canary Wharf Estate Limited or Canary Wharf Group plc.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertakings or any of its subsidiaries at 31 December 2004 or at any time throughout the period then ended.

CWBC PROPERTIES (BP1) LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004

FINANCIAL POSITION

The company is in a net liability position at the period end. Canary Wharf Holdings Limited, an intermediate parent undertaking, has agreed to provide or procure adequate financial resources to allow the company to continue its operations, and has also agreed to make available any funds that may be required for the company to meet its obligations as they fall due, for a period of not less than 12 months from the date of the financial statements.

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 number of days of purchases outstanding at 31 December 2004 was 7 (2001 - 38).

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

27 June 2005

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

CWBC PROPERTIES (BP1) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the period and of the results for the period then ended. In preparing these financial statements, the directors are required to:

- select suitable accounting policies, as described on page 8, 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 which 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 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.

CWBC PROPERTIES (BP1) LIMITED

INDEPENDENT AUDITORS' REPORT

We have audited the financial statements of CWBC Properties (BP1) Limited for the period ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 16. 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 may 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 circumstances of the company, 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 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.

CWBC PROPERTIES (BP1) LIMITED

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion the financial statements give a true and fair view of the company's affairs as at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

27 June 2005

CWBC PROPERTIES (BP1) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2004

	Note	Period ended 31 December 2004 £	Year ended 30 June 2004 £
TURNOVER		16,717,959	—
GROSS PROFIT		16,717,959	—
Administrative expenses		(2,938)	—
OPERATING PROFIT	2	16,715,021	—
Interest receivable and similar income	3	232,440	856,284
Interest payable and similar charges	4	(17,380,674)	(20,664,031)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(433,213)	(19,807,747)
Tax on loss on ordinary activities	5	—	—
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(433,213)	(19,807,747)
RETAINED LOSS FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES	13	(433,213)	(19,807,747)

Movements in reserves are shown in Note 13 of these financial statements.

All amounts relate to continuing activities in the United Kingdom.

There were no recognised gains and losses for the period ended 31 December 2004 or the year ended 30 June 2004 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.

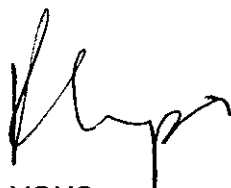
CWBC PROPERTIES (BP1) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	31 December 2004 £	30 June 2004 £
FIXED ASSETS			
Tangible assets	6	753,500,000	—
CURRENT ASSETS			
Debtors	7	5,354,875	753,503,568
Cash at bank	8	9,515,545	28,300,762
		14,870,420	781,804,330
CREDITORS: Amounts falling due within one year	9	(142,142,718)	(155,143,415)
NET CURRENT (LIABILITIES)/ASSETS		(127,272,298)	626,660,915
TOTAL ASSETS LESS CURRENT LIABILITIES		626,227,702	626,660,915
CREDITORS: Amounts falling due after more than one year	10	(646,468,661)	(646,468,661)
NET LIABILITIES		(20,240,959)	(19,807,746)
CAPITAL AND RESERVES			
Called-up equity share capital	12	1	1
Profit and loss account	13	(20,240,960)	(19,807,747)
SHAREHOLDER'S DEFICIT - EQUITY	14	(20,240,959)	(19,807,746)

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

APPROVED BY THE BOARD ON 27 JUNE 2005 AND SIGNED ON ITS BEHALF BY:



R LYONS
DIRECTOR

CWBC PROPERTIES (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period 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, a body incorporated in the European Union 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.

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 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.

Debt

Debt instruments are stated initially at the amount of the net proceeds. The finance costs of such debt instruments are allocated to periods over the term of the debt at a constant rate on the carrying amount. The carrying amount is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debt of that period. Finance costs are charged to the profit and loss account.

Leases

As required by SSAP 21 and FRS 5, finance leases are recorded in the balance sheet as an asset and as an obligation to pay future rentals. Rentals payable are apportioned between the finance charge and a reduction in the outstanding obligation for future amounts payable.

The total finance charge is allocated to accounting periods over the lease term so as to produce a constant periodic charge to the remaining balance of the obligation for each accounting period.

CWBC PROPERTIES (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

2. OPERATING PROFIT

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

No staff were employed by the company.

Auditors' remuneration has been borne by another group undertaking.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Bank interest receivable	<u>232,440</u>	<u>856,284</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Finance lease charges	14,192,809	20,664,031
Interest payable to group undertakings	3,187,865	—
	<u>17,380,674</u>	<u>20,664,031</u>

5. TAXATION

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Current tax: UK Corporation tax (see below)	<u>—</u>	<u>—</u>
Tax reconciliation: Loss on ordinary activities before tax	<u>(433,213)</u>	<u>(19,807,747)</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	(129,964)	(5,942,324)
Effects of: Tax losses and other timing differences	<u>129,964</u>	<u>5,942,324</u>
Current tax charge for the period	<u>—</u>	<u>—</u>

CWBC PROPERTIES (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

5. TAXATION

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

If the company's property was sold at its market value, a tax liability of £15,459,402 would arise. This tax liability is stated after taking into account realised and unrealised capital losses of other group companies which would be available to reduce the tax liability. No charge will be made for the utilisation of capital losses. As the company has no intention to sell its investment property, it is not expected that any liability will arise in the foreseeable future and no provision for this contingent liability has been made.

6. TANGIBLE FIXED ASSETS

	Leasehold Property £
COST OR VALUATION	
Additions	753,500,000
At 31 December 2004	<u>753,500,000</u>
NET BOOK VALUE	
At 31 December 2004	<u>753,500,000</u>
At 30 June 2004	<u>—</u>

In September 2003, the company entered into a finance lease agreement in relation to 1 Churchill Place, Canary Wharf (Note 11). At inception, in July 2004, the present value of the minimum lease payments, derived by discounting them at the rate implicit in the lease, was £753,500,000.

7. DEBTORS

	31 December 2004 £	30 June 2004 £
Amount owed by parent undertaking	1	1
Amount owed by fellow subsidiary undertaking	5,354,338	—
Prepayments and accrued income	536	753,503,567
	<u>5,354,875</u>	<u>753,503,568</u>

8. CASH AT BANK

Cash at bank totalled £9,515,545 at 31 December 2004 comprising deposits placed on money market at call and term rates and held by third parties as cash collateral for the finance lease referred to in note 11.

CWBC PROPERTIES (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

9. CREDITORS: Amounts falling due within one year

	31 December 2004 £	30 June 2004 £
Loan from fellow subsidiary undertaking	137,665,847	134,477,984
Amount owed to fellow subsidiary undertaking	4,473,933	1,400
Accruals	2,938	20,664,031
	<u>142,142,718</u>	<u>155,143,415</u>

The loan from a fellow subsidiary undertaking bears interest at a rate linked to LIBOR, subject to certain caps, and is repayable on demand.

10. CREDITORS: Amounts falling due after more than one year

	31 December 2004 £	30 June 2004 £
Finance lease agreements (Note 11)	<u>646,468,661</u>	<u>646,468,661</u>

11. FINANCE LEASES

The finance lease obligations fall due as follows:

	31 December 2004 £	30 June 2004 £
Amounts payable after more than 5 years	<u>646,468,661</u>	<u>646,468,661</u>
	<u>646,468,661</u>	<u>646,468,661</u>

In September 2003, the company entered into a finance lease agreement in relation to 1 Churchill Place, a property then under construction. The building reached practical completion in July 2004. Following this, in accordance with the terms of the transaction, the company acquired a 999 year (less 15 days) lease of the building with finance rents payable over a 35 year period. Finance rents are calculated by reference to a notional rate of LIBID on the notional amount of principal outstanding under the finance lease. At 31 December 2004, the finance lease was stated at £646.5 million representing the notional principal amount outstanding at that date.

CWBC PROPERTIES (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

12. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2004 £	30 June 2004 £
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid:

	31 December 2004 £	30 June 2004 £
1 Ordinary share of £1 each	1	1

13. RESERVES

	Profit and loss account £
At 1 July 2004	(19,807,747)
Loss for the period	(433,213)
At 31 December 2004	(20,240,960)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' deficit as at 1 July 2004	(19,807,746)
Retained loss for the period	(433,213)
Shareholders' deficit as at 31 December 2004	(20,240,959)

15. CAPITAL COMMITMENTS

As at 31 December 2004 the company has given fixed and floating charges over all its assets, including first fixed charges over its bank accounts, to secure the finance lease referred to in Note 11.

CWBC PROPERTIES (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

16. RELATED PARTIES

The company's immediate parent undertaking is CWCB Holdings Limited and its ultimate parent undertaking is Songbird Estates plc, both companies are registered in England and Wales.

As at 31 December 2004, 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, 30th Floor, 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.