

CANARY WHARF HOLDINGS (FC2) LIMITED

Registered number: 5389385

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



CANARY WHARF HOLDINGS (FC2) LIMITED

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CANARY WHARF HOLDINGS (FC2) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

In preparing this report, the directors have taken advantage of the small companies exemptions.

PRINCIPAL ACTIVITY

The principal activity of the company is property investment. The company holds properties directly and via a Jersey Property Unit Trust ('JPUT').

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £812,832 (2016 - £70,558).

No dividends have been paid or proposed for the year (2016 - £NIL).

DIRECTORS

The directors who served during the year were:

A P Anderson II
Sir George Iacobescu CBE
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. Both the indemnity and insurance were in force during the year ended 31 December 2017 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 25 June 2018 and signed on its behalf.



J R Garwood
Secretary

CANARY WHARF HOLDINGS (FC2) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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 (FC2) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF HOLDINGS (FC2) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Canary Wharf Holdings (FC2) Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

CANARY WHARF HOLDINGS (FC2) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF HOLDINGS (FC2) LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

CANARY WHARF HOLDINGS (FC2) LIMITED

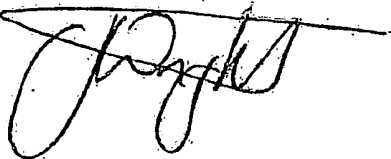
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF HOLDINGS (FC2) LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



James Wright FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 June 2018

CANARY WHARF HOLDINGS (FC2) LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Movements in fair value of investments	8	979,253	-
OPERATING PROFIT		<u>979,253</u>	<u>-</u>
Income from fixed assets investments	8	910,497	900,538
Interest payable and similar charges	6	(910,497)	(900,538)
PROFIT BEFORE TAX		<u>979,253</u>	<u>-</u>
Tax on profit	7	(166,421)	70,558
PROFIT FOR THE FINANCIAL YEAR		<u>812,832</u>	<u>70,558</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>812,832</u></u>	<u><u>70,558</u></u>

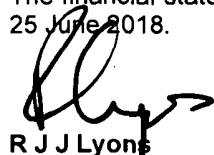
The notes on pages 9 to 19 form part of these financial statements.

CANARY WHARF HOLDINGS (FC2) LIMITED
REGISTERED NUMBER: 5389385

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Investments	8	19,829,875	18,850,622
Investment property	9	10,000	10,000
		<u>19,839,875</u>	<u>18,860,622</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	10	182,404	212,221
		<u>182,404</u>	<u>212,221</u>
Creditors: amounts falling due within one year	11	(53,432)	(1)
		<u>128,972</u>	<u>212,220</u>
NET CURRENT ASSETS		<u>19,968,847</u>	<u>19,072,842</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	12	(12,369,026)	(12,452,274)
Deferred tax	13	(1,365,377)	(1,198,956)
NET ASSETS		<u>6,234,444</u>	<u>5,421,612</u>
CAPITAL AND RESERVES			
Called up share capital	14	5,001	5,001
Retained earnings	15	6,229,443	5,416,611
		<u>6,234,444</u>	<u>5,421,612</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 June 2018.



R J J Lyons
Director

The notes on pages 9 to 19 form part of these financial statements.

CANARY WHARF HOLDINGS (FC2) LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2017	5,001	5,416,611	5,421,612
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	812,832	812,832
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	812,832	812,832
AT 31 DECEMBER 2017	5,001	6,229,443	6,234,444

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2016	5,001	5,346,053	5,351,054
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	70,558	70,558
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	70,558	70,558
AT 31 DECEMBER 2016	5,001	5,416,611	5,421,612

The notes on pages 9 to 19 form part of these financial statements.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Canary Wharf Holdings (FC2) Limited is an English Limited Company registered at One Canada Square, Canary Wharf, London, E14 5AB.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland").

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 3).

The principal accounting policies have been applied consistently throughout the year and the preceding year and are summarised below:

2.2 Going concern

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash flow statement

The company has taken the exemption from preparing the cash flow statement under Section 1.12(b) as it is a member of a group where the parent of the group prepares publicly available consolidated accounts which are intended to give a true and fair view.

2.4 Investment properties

Investment properties, including land and buildings held for development and investment properties under construction, are measured initially at cost including related transaction costs. The finance costs associated with direct expenditure on properties under construction or undergoing refurbishment are capitalised.

Where a property interest is acquired under a lease the investment property and the associated lease liability are initially recognised at the lower of the fair value and the present value of the minimum lease payments including any initial premium. Lease payments 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.

Investment properties are subsequently revalued, at each reporting date, to an amount comprising the fair value of the property interest plus the carrying value of the associated lease liability less any separately identified lease incentive assets. The gain or loss on remeasurement is recognised in the income statement.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Investments in partnerships and unit trusts are stated at fair value, with changes recognised in other comprehensive income unless the carrying amount of the investment falls below its original cost, after which the deficit is recognised in the income statement.

2.6 Financial instruments

The directors have taken advantage of the exemption in paragraph 1.12c of FRS 102 allowing the company not to disclose the summary of financial instruments by the categories specified in paragraph 11.41.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

Trade and other payables

Trade and other creditors are stated at cost.

Borrowings

Loans payable are recognised initially at the net proceeds including transaction costs, unless the gross proceeds do not represent the value of a financing transaction on an arm's length basis. In this case the present value of future payments discounted at a market rate of interest for a similar debt instrument is used in place of proceeds and the difference between the two amounts is accounted for as a capital contribution.

Subsequent to initial recognition, loans payable are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

Where loans are subject to contractual terms and arrangements that are non-standard they are recognised initially at fair value. The fair value is assessed as the present value of most likely cash flows, subject to the limitations of the underlying terms. Any movements are recognised in the income statement.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Taxation

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

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. Timing differences are differences between the company's taxable profits and its results as stated in financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, 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 measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expenses or income.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Valuation of investment properties

The company uses valuations performed by independent valuers as the fair value of its properties. The valuations are based upon assumptions including future rental income, anticipated void costs and the appropriate discount rate or yield. The valuers also make reference to market evidence of transaction prices for similar properties.

Valuation of investments

Investments in JPUTs are carried at fair value. The directors have valued the investment at the company's share of the JPUT's net asset value, as adjusted for the fair value of the JPUT's property interest.

Valuation of intercompany debt

In assessing the carrying value of non-standard loans, the company forecasts the present value of the most likely contractual cash flows of the underlying instrument. Estimates and judgments are made in the timing and quantum of the cash flows, the discount rate applied, as well as the impact of the underlying terms that can be triggered in the agreements to change the cash flows. These assessments are reviewed and amended annually.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. AUDITOR'S REMUNERATION

Auditor's remuneration of £4,000 (2016 - £4,000) for the audit of the company for the year has been borne by another group undertaking.

5. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Loans from group undertakings	910,497	900,538
	<u>910,497</u>	<u>900,538</u>

7. TAXATION

	2017 £	2016 £
Current tax on profits for the year	-	-
TOTAL CURRENT TAX	<u>-</u>	<u>-</u>
DEFERRED TAX		
Origination and reversal of timing differences	166,421	(29)
Changes to tax rates	-	(70,529)
TOTAL DEFERRED TAX	<u>166,421</u>	<u>(70,558)</u>
TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	<u>166,421</u>	<u>(70,558)</u>

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	979,253	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	188,506	-
EFFECTS OF:		
Non-taxable income	(1,195)	-
Changes in the rates of tax	(22,026)	(70,524)
Indexation allowance	(59)	(34)
Group relief	1,195	-
TOTAL TAX CHARGE FOR THE YEAR	166,421	(70,558)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The tax rate of 19.25% has been calculated by reference to the current corporation tax rate of 19% which was in effect for the final three quarters of the year and the previous rate of 20% which was in effect for the first quarter of the year.

Enacted in the Finance Act (No.2) 2015 is a reduction in the corporation tax rate to 17.0% on 1 April 2020. Deferred tax has been provided by reference to this enacted corporation tax rate.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Investment in Jersey Property Unit Trust £	Total £
COST OR VALUATION			
At 1 January 2017	5,001	18,850,622	18,855,623
Revaluations	-	979,253	979,253
At 31 December 2017	5,001	19,829,875	19,834,876
IMPAIRMENT			
At 1 January 2017	5,001	-	5,001
At 31 December 2017	5,001	-	5,001
NET BOOK VALUE			
At 31 December 2017	-	19,829,875	19,829,875
At 31 December 2016	-	18,850,622	18,850,622

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Canary Wharf Retail (FC2) Limited	Ordinary	100 %	Property investment

In accordance with Section 400 of the Companies Act 2006, 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 18).

The directors are of the opinion that the value of the company's investments at 31 December 2017 was not less than the amount shown in the company's balance sheet.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

INVESTMENT IN JERSEY PROPERTY UNIT TRUST

At 31 December 2017 the company held 97.9% of the units in the 10 Cabot Square II Unit Trust.

	2017 £	2016 £
Cost of interest in Jersey Property Unit Trust	11,800,000	11,800,000
Share of accumulated profits	8,029,875	7,050,622
	<u>19,829,875</u>	<u>18,850,622</u>

During the year the company received distributions as follows:

	2017 £	2016 £
Accrued distributions brought forward	(83,248)	(113,442)
Distributions received	1,047,176	930,732
Accrued distributions carried forward	(53,431)	83,248
Distributions relating to the year	<u>910,497</u>	<u>900,538</u>

In accordance with Section 400 of the Companies Act 2006, 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 investment are included in the consolidated financial statements of a larger group (Note 18).

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. INVESTMENT PROPERTY

Long term
leasehold
investment
property
£

VALUATION

At 1 January 2017

10,000

AT 31 DECEMBER 2017

10,000

At 31 December 2017, the property was valued externally by CBRE Limited, qualified valuers with recent experience in office properties at Canary Wharf. The fair value was determined in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors, using:

- Discounted cash flows based on inputs provided by the company (current rents, terms and conditions of lease agreements) and assumptions and valuation models adopted by the valuers (estimated rental values, terminal values and discount rates).

- Yield methodology based on inputs provided by the company (current rents) and assumptions and valuation models adopted by the valuers (estimated rental values and market capitalisation rates).

The resulting valuations are cross checked against the initial yields and the fair market values per square foot derived from actual market transactions.

No allowance was made for any expenses of realisation nor for any taxation which might arise in the event of disposal.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historic cost	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

The property is let to the 10 Cabot Square II Unit Trust until August 2187 at a peppercorn rent.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. DEBTORS

	2017 £	2016 £
Amounts owed by group undertakings	182,404	128,973
Prepayments and accrued income	-	83,248
	<u>182,404</u>	<u>212,221</u>

Amounts owed by group undertakings are interest free and repayable on demand.

11. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Amount owed to subsidiary undertaking	1	1
Accruals and deferred income	53,431	-
	<u>53,432</u>	<u>1</u>

Amounts owed to group undertakings are interest free and repayable on demand.

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

	2017 £	2016 £
Loan from fellow subsidiary undertaking	12,369,026	12,452,274
	<u>12,369,026</u>	<u>12,452,274</u>

The loan from a fellow subsidiary undertaking bears interest at 10%, subject to certain caps and is repayable on 22 April 2038.

13. DEFERRED TAXATION

	2017 £
At beginning of year	(1,198,956)
Charged to profit or loss	(166,421)
AT END OF YEAR	<u><u>(1,365,377)</u></u>

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. DEFERRED TAXATION (CONTINUED)

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Revaluation of Unit Trust	(1,365,079)	(1,198,606)
Fair value movement of properties	(298)	(350)
	<u>(1,365,377)</u>	<u>(1,198,956)</u>

14. SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid 5,001 Ordinary shares of £1 each	<u>5,001</u>	<u>5,001</u>

15. RESERVES

The company has no distributable reserves at 31 December 2017. The total of the company's realised gains and losses was as follows:

	2017 £	2016 £
Retained earnings	6,229,443	5,416,611
Revaluation of investment in Unit Trust	(8,029,875)	(7,050,622)
Deferred tax on revaluation of investment in Unit Trust	1,365,079	1,198,606
	<u>(435,353)</u>	<u>(435,405)</u>

16. OTHER FINANCIAL COMMITMENTS

As at 31 December 2017 and 31 December 2016 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

17. POST BALANCE SHEET EVENTS

On 29 March 2018, Stork Holdings Limited, a direct subsidiary of Stork HoldCo L.P., listed its shares on The International Stock Exchange in Jersey and the group headed by Stork Holdings Limited, which includes the company, converted to a REIT. As a consequence of the conversion, it is anticipated that the deferred tax liability/asset will be released.

CANARY WHARF HOLDINGS (FC2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

18. CONTROLLING PARTY

The company's immediate parent undertaking is Canary Wharf Funding (FC2/FC4) Limited.

As at 31 December 2017, 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 Investment Holdings plc. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Stork HoldCo LP, an entity registered in Bermuda and the ultimate parent undertaking and controlling party. Stork HoldCo LP is registered at 73 Front Street, 5th Floor, Hamilton HM12, Bermuda.

Stork HoldCo LP is controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.

The directors have taken advantage of the exemption in paragraph 33.1A of FRS 102 allowing the company not to disclose related party transactions with respect to other wholly-owned group companies.