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**CANARY WHARF LEASING (FC2) LIMITED (FORMERLY DRESDNER KLEINWORT
WASSERSTEIN LEASING (UK) LIMITED)**
Registered Number: FC020750

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2005 TO 31 DECEMBER 2005**



**CANARY WHARF LEASING (FC2) LIMITED (FORMERLY
DRESDNER KLEINWORT WASSERSTEIN LEASING (UK) LIMITED)**

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Year Ended 31 December 2005 £	Year Ended 31 December 2004 £
TURNOVER		1,169,070	—
GROSS PROFIT		1,169,070	—
OPERATING PROFIT	2	1,169,070	—
Exceptional item:			
Loss on disposal of finance lease	3	(1,169,070)	—
Interest receivable and similar income	4	31,501	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		31,501	—
Tax on profit on ordinary activities	5	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		31,501	—
RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	8	31,501	—

Movements in reserves are shown in Note 8 of these financial statements.

All amounts relate to continuing activities in the United Kingdom.

There were no recognised gains and losses for the year ended 31 December 2005 or the year ended 31 December 2004 other than those included in the profit and loss account.

**CANARY WHARF LEASING (FC2) LIMITED (FORMERLY
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BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	31 December 2005 £	31 December 2004 £
CURRENT ASSETS			
Debtors	6	1,031,501	1,000,000
TOTAL ASSETS		<u>1,031,501</u>	<u>1,000,000</u>
NET ASSETS		<u>1,031,501</u>	<u>1,000,000</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	1,000,000	1,000,000
Profit and loss account	8	31,501	–
SHAREHOLDERS' FUNDS - EQUITY	9	<u>1,031,501</u>	<u>1,000,000</u>


The Company is incorporated under the laws of the Cayman Islands and has established a branch in England and Wales under Schedule 21A, Companies Act 1985. Accordingly these accounts have been prepared in accordance with section 700 of the Companies Act 1985 (as amended by Statutory Instrument 1990 No.440) and no auditors' report is included.

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

APPROVED BY THE BOARD ON 28 JUNE 2006 AND SIGNED ON ITS BEHALF BY:



R LYONS
DIRECTOR

**CANARY WHARF LEASING (FC2) LIMITED (FORMERLY
DRESDNER KLEINWORT WASSERSTEIN LEASING (UK) LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2005**

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, and in accordance with applicable United Kingdom law and accounting standards.

In accordance with the provisions of FRS 1 (Revised) the company is exempt from the requirements to prepare a cash flow statement, as it is a wholly-owned subsidiary of Canary Wharf Group plc, which has prepared a consolidated cash flow statement.

Interest receivable and interest payable

Interest receivable and payable are recognised in the period in which they fall due.

Turnover

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

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.

2. OPERATING PROFIT

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.

Auditors' remuneration for the year and the prior year have been borne by another group undertaking.

3. EXCEPTIONAL ITEM

On 16 March 2005, the company acquired a finance lease for a consideration of £114,912,662. On 28 April 2005, the company sold the finance lease for a consideration of £114,912,662. This sale gave rise to a loss on disposal of £1,169,070 (including accrued finance rents of £1,169,070), which has been taken to the profit and loss account and treated as an exceptional item. This transaction did not give rise to deferred tax.

**CANARY WHARF LEASING (FC2) LIMITED (FORMERLY
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2005**

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2005 £	Year Ended 31 December 2004 £
Interest receivable from group undertakings	<u>31,501</u>	<u>-</u>

5. TAXATION

	Year Ended 31 December 2005 £	Year Ended 31 December 2004 £
Current tax:		
UK Corporation tax (see below)	<u>-</u>	<u>-</u>
Tax reconciliation:		
Profit on ordinary activities before tax	<u>31,501</u>	<u>-</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	9,450	-
Effects of:		
Expenses not deductible for tax purposes	320,721	-
Tax losses and other timing differences	<u>(330,171)</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

No provision for corporation tax has been made since the profit for the year 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. It is anticipated that group relief and other tax reliefs will impact on future tax charges. There is no unprovided deferred taxation.

6. DEBTORS

	31 December 2005 £	31 December 2004 £
Loan to fellow subsidiary undertaking	1,031,501	-
Amount owed by fellow subsidiary undertaking	<u>-</u>	<u>1,000,000</u>
	<u>1,031,501</u>	<u>1,000,000</u>

The loan to a fellow subsidiary undertaking bears interest at a rate linked to LIBOR and is repayable on demand.

**CANARY WHARF LEASING (FC2) LIMITED (FORMERLY
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2005**

7. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2005	31 December 2004
	£	£
275,000,000 Ordinary shares of £1 each	<u>275,000,000</u>	<u>275,000,000</u>

Allotted, called up and fully paid:

	31 December 2005	31 December 2004
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

8. RESERVES

	Profit and loss account
	£
At 1 January 2005	—
Profit for the year	31,501
At 31 December 2005	<u>31,501</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2005	31 December 2004
	£	£
Opening shareholders' funds - equity	1,000,000	1,000,000
Profit for the year	31,501	—
Closing shareholders' funds - equity	<u>1,031,501</u>	<u>1,000,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2005**

10. RELATED PARTIES

Until 27 April 2005, the company's ultimate parent undertaking was Allianz AG, a company incorporated in Germany. At 31 December 2005, the company's immediate parent undertaking is Canary Wharf Investments Limited and its ultimate parent undertaking is Songbird Estates plc, both companies are registered in England and Wales.

As at 31 December 2005, 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.