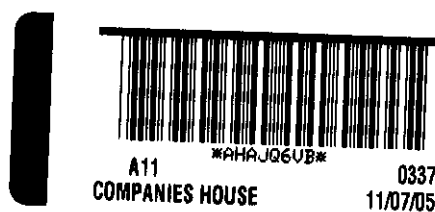


**CABOT PLACE HOLDINGS LIMITED**  
**Registered Number: 3302749**

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



# **CABOT PLACE HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS**

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# **CABOT PLACE HOLDINGS LIMITED**

## **THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004**

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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 Canary Wharf Investments 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.

### **FUTURE DEVELOPMENTS**

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

On 25 May 2005, subsequent to the period end, as a part of the reorganisation of the Canary Wharf Group's debt, the company received a £78,000,000 loan from another group undertaking and repaid its existing loan at a premium of £1,312,549.

On the same day the company sold its leasehold interests in the retail units at 7 Westferry Circus for a consideration of £6,150,000, the retail units at 25 The North Colonnade for a consideration of £11,725,000, the retail units at 10 Cabot Square for a consideration of £9,980,000 and the retail units at 20 Cabot Square for a consideration of £8,405,000.

The proceeds from these transactions were lent to a fellow subsidiary undertaking.

### **DIVIDENDS AND RESERVES**

The profit and loss account for the period ended 31 December 2004 is set out on page 6. The directors recommend the payment of an interim dividend of £1,400,000 (2004: £3,100,000) and the retained loss of £11,601 (2004: profit of £26,409) 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

# **CABOT PLACE HOLDINGS LIMITED**

## **THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004**

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### **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.

### **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

# **CABOT PLACE HOLDINGS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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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 pages 9 to 10, 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.

# **CABOT PLACE HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

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We have audited the financial statements of Cabot Place Holdings Limited for the period ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. 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.

# **CABOT PLACE HOLDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

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### **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 profit 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

# CABOT PLACE HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2004

		Period ended 31 December 2004 £	Year ended 30 June 2004 £
	Note		
<b>TURNOVER - RENTAL INCOME</b>		3,763,093	6,977,805
Cost of sales		(381)	—
<b>GROSS PROFIT</b>		<u>3,762,712</u>	<u>6,977,805</u>
Administrative expenses		(6,892)	(2,736)
<b>OPERATING PROFIT</b>	<b>2</b>	<u>3,755,820</u>	<u>6,975,069</u>
Income from shares in group undertakings	<b>7</b>	300,000	400,000
Interest payable and similar charges	<b>3</b>	(2,155,464)	(4,205,845)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,900,356</u>	<u>3,169,224</u>
Tax on profit on ordinary activities	<b>4</b>	(511,957)	(42,815)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>1,388,399</u>	<u>3,126,409</u>
Dividends	<b>5</b>	(1,400,000)	(3,100,000)
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD TRANSFERRED TO RESERVES</b>	<b>13</b>	<u>(11,601)</u>	<u>26,409</u>

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

All amounts relate to continuing activities in the United Kingdom.

The notes on pages 9 to 16 form an integral part of these financial statements.

# **CABOT PLACE HOLDINGS LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 31 DECEMBER 2004**

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Profit for the financial period	1,388,399	3,126,409
Unrealised profit on revaluation of properties	2,750,000	17,100,000
Total gains relating to the period	<u>4,138,399</u>	<u>20,226,409</u>

The notes on pages 9 to 16 form an integral part of these financial statements.

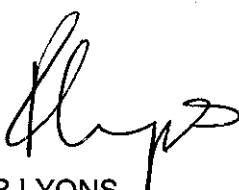
# CABOT PLACE HOLDINGS LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	31 December 2004 £	30 June 2004 £
<b>FIXED ASSETS</b>			
Tangible assets	6	125,650,000	122,900,000
Investments	7	50,005	50,005
		<u>125,700,005</u>	<u>122,950,005</u>
<b>CURRENT ASSETS</b>			
Debtors	8	9,634,734	7,653,155
<b>CREDITORS: Amounts falling due within one year</b>	9	(17,860,895)	(16,382,001)
<b>NET CURRENT LIABILITIES</b>		<u>(8,226,161)</u>	<u>(8,728,846)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		117,473,844	114,221,159
<b>CREDITORS: Amounts falling due after more than one year</b>	10	(41,408,981)	(41,406,652)
Provisions for liabilities and charges	11	(717,576)	(205,619)
<b>NET ASSETS</b>		<u>75,347,287</u>	<u>72,608,888</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	12	2	2
<b>Reserves:</b>			
Revaluation reserve	13	75,264,882	72,514,882
Profit and loss account	13	82,403	94,004
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	14	<u>75,347,287</u>	<u>72,608,888</u>

The notes on pages 9 to 16 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

# **CABOT PLACE HOLDINGS LIMITED**

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

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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 period 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 CWG, 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.

#### **Income from investments**

Investment income comprises dividends receivable on investments in subsidiary undertakings during the accounting period.

#### **Investments in subsidiary undertakings**

The company's investments in subsidiaries are stated at cost less any provision for impairment.

#### **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, comprising freehold and 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.

# CABOT PLACE HOLDINGS LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Deferred taxation

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in the corporation tax return.

Under FRS 19 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. A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the timing differences will reverse, or where the timing differences are not expected to reverse, a period not exceeding 50 years. Discount rates of 3.1% to 3.2% have been adopted reflecting the post-tax yield to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax assets or liabilities.

### 2. OPERATING PROFIT

Operating profit is stated after charging:

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Remuneration of the auditors:		
Audit fees	5,500	5,500

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.

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Interest payable to group undertakings	2,153,135	3,928,937
Financing costs	2,329	276,908
	<u>2,155,464</u>	<u>4,205,845</u>

# CABOT PLACE HOLDINGS LIMITED

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

### 4. TAXATION

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Current tax:		
UK Corporation tax (see below)	—	—
Deferred tax:		
Net effect of discount	23,180	42,815
Origination and reversal of timing differences	488,777	—
Total deferred tax (Note 11)	511,957	42,815
Total tax on profit on ordinary activities	511,957	42,815
Tax reconciliation:		
Profit on ordinary activities before tax	1,900,356	3,169,224
Tax on profit on ordinary activities at UK corporation tax rate of 30%	570,107	950,767
Effects of:		
Items not chargeable to tax	(90,000)	(120,000)
Tax losses and other timing differences	(480,107)	(830,767)
Current tax charge for the period	—	—

No provision for corporation tax 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. It is anticipated that group relief and other tax reliefs will impact on future tax charges. There is no unprovided deferred taxation.

### 5. DIVIDENDS

	31 December 2004 £	30 June 2004 £
Interim dividend (£700,000 per share) (2004: £1,550,000 per share)	1,400,000	3,100,000

# CABOT PLACE HOLDINGS LIMITED

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

### 6. TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Total £
<b>COST OR VALUATION</b>			
At 1 July 2004	77,500,000	45,400,000	122,900,000
Revaluation	2,000,000	750,000	2,750,000
<b>At 31 December 2004</b>	<u>79,500,000</u>	<u>46,150,000</u>	<u>125,650,000</u>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2004</b>	<u>79,500,000</u>	<u>46,150,000</u>	<u>125,650,000</u>
At 30 June 2004	<u>77,500,000</u>	<u>45,400,000</u>	<u>122,900,000</u>

On a historic cost basis, investment properties would have been included as follows:

	31 December 2004 £	30 June 2004 £
Historic cost	<u>50,385,118</u>	<u>50,385,118</u>

As at 31 December 2004 the company's leasehold property interest was valued by the group's external property advisers, Savills Commercial Limited, Chartered Surveyors and CB Richard Ellis, Surveyors and Valuers, on the basis of Market Value in accordance with the Appraisal and Valuation Manual published by the Royal Institution 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 £2,750,000 which has been transferred to the revaluation reserve.

### 7. INVESTMENTS

	Shares in Group Undertakings £
<b>COST</b>	
At 1 July 2004 and 31 December 2004	<u>50,005</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2004</b>	<u>50,005</u>
At 30 June 2004	<u>50,005</u>

# CABOT PLACE HOLDINGS LIMITED

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

### 7. INVESTMENTS

At 31 December 2004 the company's principal subsidiary undertakings were as follows:

Name	Description of shares held	Principal activities
Cabot Place Limited	Ordinary £1 shares	Retail property management
Cabot Place (RT2) Limited	Ordinary £1 shares	Retail property management
Heron Quays Retail Limited	Ordinary £1 shares	Retail property management
Nash Court Retail Limited	Ordinary £1 shares	Retail property management
Canary Wharf Retail (RT4) Limited	Ordinary £1 shares	Retail property management
Canary Wharf Retail (DS4) Limited	Ordinary £1 shares	Retail property management

The above are wholly owned subsidiaries registered in England and Wales.

Dividends of £300,000 (2004: £400,000) were declared by the company's subsidiaries during the period ended 31 December 2004.

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 17).

The directors are of the opinion that the value of the company's investments at 31 December 2004 was not less than the amount shown in the company's balance sheet.

### 8. DEBTORS

	31 December 2004 £	30 June 2004 £
Amount owed by subsidiary undertaking	1,911,298	2,283,333
Amounts owed by fellow subsidiary undertakings	7,723,436	5,369,755
Prepayments and accrued income	—	67
	<u>9,634,734</u>	<u>7,653,155</u>

# CABOT PLACE HOLDINGS 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 parent undertaking	2,433,369	2,371,790
Loan from fellow subsidiary undertaking	10,224,676	10,220,918
Amount owed to parent undertaking	4,499,999	3,099,999
Amounts owed to subsidiary undertakings	4	4
Amount owed to fellow subsidiary undertaking	683,257	683,257
Accruals and deferred income	19,590	6,033
	<u>17,860,895</u>	<u>16,382,001</u>

Loans from group undertakings carry interest at a rate linked to LIBOR and are repayable on demand.

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

	31 December 2004 £	30 June 2004 £
Loan from fellow subsidiary undertaking	<u>41,408,981</u>	<u>41,406,652</u>

The loan from a fellow subsidiary undertaking bears interest at 10%, subject to certain caps, and is repayable on 22 April 2034.

### 11. DEFERRED TAXATION

Deferred taxation:

	31 December 2004 £	30 June 2004 £
Accelerated capital allowances	<u>1,134,598</u>	<u>337,655</u>
Undiscounted deferred tax liability	1,134,598	337,655
Discount	<u>(417,022)</u>	<u>(132,036)</u>
Discounted deferred tax liability	<u>717,576</u>	<u>205,619</u>
At 1 July	205,619	162,804
Deferred tax charge in profit and loss account for the period	<u>511,957</u>	<u>42,815</u>
At 31 December	<u>717,576</u>	<u>205,619</u>

# CABOT PLACE HOLDINGS 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
	£	£
2 Ordinary shares of £1 each	2	2

### 13. RESERVES

	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1 July 2004	72,514,882	94,004	72,608,886
Profit for the period	–	1,388,399	1,388,399
Dividends	–	(1,400,000)	(1,400,000)
Revaluation of fixed assets	2,750,000	–	2,750,000
At 31 December 2004	75,264,882	82,403	75,347,285

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

	£
Shareholders' funds as at 1 July 2004	72,608,888
Retained loss for the period	(11,601)
Revaluation	2,750,000
Shareholders' funds as at 31 December 2004	75,347,287

### 15. POST BALANCE SHEET EVENTS

On 25 May 2005, subsequent to the period end, as a part of the reorganisation of the Canary Wharf Group's debt, the company received a £78,000,000 loan from another group undertaking and repaid its existing loan at a premium of £1,312,549.

On the same day the company sold its leasehold interests in the retail units at 7 Westferry Circus for a consideration of £6,150,000, the retail units at 25 The North Colonnade for a consideration of £11,725,000, the retail units at 10 Cabot Square for a consideration of £9,980,000 and the retail units at 20 Cabot Square for a consideration of £8,405,000.

The proceeds from these transactions were lent to a fellow subsidiary undertaking.

# **CABOT PLACE HOLDINGS LIMITED**

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

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### **16. CAPITAL COMMITMENTS**

As of 31 December 2004 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

### **17. RELATED PARTIES**

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 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.