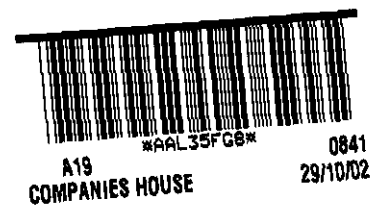


**HERON QUAYS (HQ4) LIMITED**  
**Registered Number: 4290559**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 2002**



**CONTENTS**

	<b>Page</b>
<b>Directors' Report</b>	<b>1 to 2</b>
<b>Statement of the Directors' Responsibilities in Respect of the Financial Statements</b>	<b>3</b>
<b>Independent Auditors' Report</b>	<b>4 to 5</b>
<b>Profit and Loss Account</b>	<b>6</b>
<b>Balance Sheet</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8 to 11</b>

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**DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2002**

The directors present herewith the audited financial statements for the period ended 30 June 2002.

**ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is Heron Quays Holdings (HQ4) Limited, a company registered in England and Wales. The company's ultimate parent undertaking is Canary Wharf Group plc ('CWG').

**INCORPORATION**

The company was incorporated on 20 September 2001 with authorised share capital of 100 ordinary £1 shares of which 1 share was issued.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company is to act as an investment holding company.

**DIVIDENDS AND RESERVES**

The profit and loss account for the period ended 30 June 2002 is set out on page 6. The directors do not recommend the payment of a dividend and the retained profit of £500 is to be transferred to reserves.

**DIRECTORS**

The directors of the company throughout the period from incorporation to 30 June 2002, except as noted, were:

A P Anderson II (appointed 24 September 2001)

G Iacobescu (appointed 24 September 2001)

R Lyons (appointed 9 April 2002)

G Rothman (appointed 24 September 2001 and resigned 8 April 2002)

Mawlaw Corporate Services Limited (appointed 20 September 2001 and resigned 24 September 2001)

**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 are disclosed as appropriate in the financial statements of either the intermediate parent companies, Canary Wharf Holdings Limited or Canary Wharf Estate Limited, or CWG, the ultimate parent company.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertaking or any of its subsidiaries at 30 June 2002 or at any time throughout the period then ended.

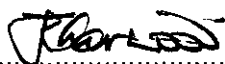
**DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2002**

**AUDITORS**

On 31 July 2002 Deloitte & Touche were appointed by the directors as the first auditors of the company.

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, 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



..... Company Secretary  
J R Garwood

16 October 2002

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

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

The directors are required by the Companies Act 1985 to prepare financial statements 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 financial statements 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 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HERON QUAYS (HQ4) LIMITED**

We have audited the financial statements of Heron Quays (HQ4) Limited for the period ended 30 June 2002 which comprise the profit and loss account and the balance sheet, and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

### **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 for the above period 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 company's circumstances, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
HERON QUAYS (HQ4) LIMITED**

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche**  
**Chartered Accountants and Registered Auditors**  
London

16 October 2002

# HERON QUAYS (HQ4) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 2002

	Notes	Period Ended 30 June 2002
		<u>£</u>
Other operating income		500
<b>OPERATING PROFIT</b>	2	<u>500</u>
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	8	<u><u>500</u></u>

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

All amounts relate to continuing activities.

There were no recognised gains or losses for the period ended 30 June 2002 other than those included in the profit and loss account.

The notes on pages 8 to 11 form an integral part of these financial statements.



# HERON QUAYS (HQ4) LIMITED

## BALANCE SHEET AS AT 30 JUNE 2002

	Notes	30 June 2002
		£
<b>FIXED ASSETS</b>		
Investments	4	2
<b>CURRENT ASSETS</b>		
Debtors	5	501
		501
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(2)
<b>NET CURRENT ASSETS</b>		499
<b>NET ASSETS</b>		501
<b>CAPITAL AND RESERVES</b>		
Called-up share capital	7	1
Profit and loss account	8	500
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	9	501

The notes on pages 8 to 11 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 16 OCTOBER 2002 AND SIGNED ON ITS BEHALF BY:



R LYONS  
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

**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 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 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 is included in the financial statements of CWG.

Investments in subsidiary undertakings

The company's investment in subsidiaries is stated at cost less any provision for impairment.

**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 other than the directors.

Auditors' remuneration has been borne by another group undertaking.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

3 TAXATION

	Period ended 30 June 2002
	£
Current tax:	
UK corporation tax (see below)	-
Tax reconciliation:	
Profit on ordinary activities before tax	500
Tax on profit on ordinary activities at UK corporation tax rate of 30%	150
Effects of:	
Tax losses and other timing differences	(150)
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.

4 INVESTMENTS

	Shares in Group Undertakings
<b>Cost</b>	£
Additions	2
At 30 June 2002	2
<b>Net Book Value</b>	
At 30 June 2002	2

At 30 June 2002 the company's subsidiary undertakings were as follows:

<u>Name</u>	<u>Description of shares held</u>	<u>Principal activities</u>
Heron Quays (HQ4) T1 Limited	Ordinary £1 Shares	Trustee
Heron Quays (HQ4) T2 Limited	Ordinary £1 Shares	Trustee

## HERON QUAYS (HQ4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

The above are wholly owned subsidiaries, incorporated in Great Britain and registered in England and Wales.

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 11).

The directors are of the opinion that the value of the company's investments at 30 June 2002 was not less than the amount shown in the company's balance sheet.

#### 5 DEBTORS

	30 June 2002
	£
Amount owed by parent undertaking	1
Amounts owed by fellow subsidiary undertakings	500
	<u>501</u>

#### 6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2002
	£
Amounts owed to subsidiary undertakings	2
	<u>2</u>

#### 7 CALLED-UP SHARE CAPITAL

	30 June 2002
	£
Equity Shares	
Authorised, 100 ordinary shares of £1 each	100
Allotted, called-up and fully paid, 1 ordinary shares of £1 each	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2002

**8 RESERVES**

	Profit and Loss Account
	£
Profit for the financial period	500
At 30 June 2002	500

**9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	£
Profit for the financial period	500
Issue of share capital	1
Shareholders' funds as at 30 June 2002	501

**10 CAPITAL COMMITMENTS**

As at 30 June 2002 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

**11 RELATED PARTIES**

The company's immediate parent undertaking is Heron Quays Holdings (HQ4) Limited, a company incorporated in Great Britain and registered in England and Wales. The company's ultimate parent was Canary Wharf Group plc (subsequently renamed Canary Wharf Estate Limited) until 4 December 2001. Following the completion of a group reconstruction on this date the new holding company, New Canary Wharf plc, subsequently renamed Canary Wharf Group plc, a company incorporated in Great Britain and registered in England and Wales, is considered the company's ultimate parent undertaking.

Canary Wharf Group plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up.

Copies of the consolidated financial statements of 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.