

CANARY WHARF INVESTMENTS (FC4) LIMITED
Registered Number: 5389386

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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CANARY WHARF INVESTMENTS (FC4) LIMITED

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CANARY WHARF INVESTMENTS (FC4) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report with the audited financial statements for the year ended 31 December 2011. This report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Songbird Estates plc.

The principal activity of the company is property investment.

There have been no significant events since the balance sheet date.

As shown in the company's profit and loss account, the company's loss after tax for the year was £623,295 (2010 £23,291).

The balance sheet shows the company's financial position at the year end and indicates that net liabilities were £807,071 (2010 £183,776). Details of amounts owed to group companies are shown in Notes 8 and 9.

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2011 is set out on page 7. No dividends have been paid or proposed (2010 £Nil) and the retained loss of £623,295 (2010 loss of £23,291) has been transferred from reserves.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position (including the principal risks and uncertainties), are set out in this Directors' Report. The finances of the company and its liquidity position and borrowings are, where appropriate, also described in this report.

As a result of a reduction in the value of its property interests, the company is in a net liability position at the year end. However, the company has the benefit of leases which provide an income stream which the directors forecast will enable it to meet its obligations as they fall due for a period of not less than 12 months from the signing date of the financial statements. In addition, as a member of the Canary Wharf Group, the company has access to considerable resources.

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

CANARY WHARF INVESTMENTS (FC4) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

DIRECTORS

The directors of the company throughout the year ended 31 December 2011 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 2011 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.

PRINCIPAL RISKS AND UNCERTAINTIES

As a member of the Canary Wharf Group the key risks facing the company include the cyclical nature of the property market, financing risk and concentration risk.

Cyclical Nature of the Property Market

The valuation of the Canary Wharf Group's assets is subject to many external economic and market factors. The turmoil in the financial markets in recent years has been reflected in the property market by such factors as a significant decline in tenant demand for space in London, the oversupply of available space in the office market and changing market perceptions of property as an investment resulting in fluctuations in property valuations in general. Fears of an oversupply of available space in the market have however been mitigated by the difficulty in securing finance for speculative development and reduced demand. The market has also been assisted by the continuing presence of overseas investors attracted by the relative transparency of the real estate market in London which is viewed as both stable and secure. Changes in financial and property markets are kept under constant review so that the company can react appropriately and tailor its business accordingly. While the company has no direct exposure to the Euro, the ongoing uncertainty reflecting issues in the macroeconomy, particularly relating to the Eurozone, continues to impact the real estate market. The impact of these uncertainties is closely monitored.

Financing Risk

The broader economic cycle inevitably leads to movements in inflation, interest rates and bond yields. The company finances its operations largely through surplus cash and intercompany finance. The terms of the company's borrowings are summarised in Note 9.

The ongoing uncertainty in financial markets continues to significantly limit the availability of funding. In common with other UK property companies, lack of financing facilities may have an impact on the business of Canary Wharf Group if the lending markets remain limited for the foreseeable future.

Concentration Risk

The majority of Canary Wharf Group's real estate assets, including the assets of the company, are currently located on or adjacent to the Canary Wharf Estate with a majority of tenants linked to the financial services industry. Wherever possible steps are taken to mitigate or avoid material consequences arising from this concentration and to diversify the tenant base.

CANARY WHARF INVESTMENTS (FC4) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The principal risks facing the Canary Wharf Group are discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

Each director holding office at the date of this report has taken all the steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditor is aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006.

BY ORDER OF THE BOARD



J R Garwood

Company Secretary

27 June 2012

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

Registered Number 5389386

CANARY WHARF INVESTMENTS (FC4) LIMITED

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

The directors are responsible for preparing the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently,
- make judgements and accounting 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 that 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 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 INVESTMENTS (FC4) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS (FC4) LIMITED

We have audited the financial statements of Canary Wharf Investments (FC4) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet and the related Notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CANARY WHARF INVESTMENTS (FC4) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF INVESTMENTS (FC4) LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountant and Statutory Auditor
London, UK

27 June 2012

CANARY WHARF INVESTMENTS (FC4) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
TURNOVER		270,120	270,120
GROSS PROFIT		270,120	270,120
Exceptional administrative expenses			
Provision against investment properties	6	(650,000)	(50,000)
OPERATING (LOSS)/PROFIT	2	(379,880)	220,120
Interest receivable and similar income	3	4,862	10,580
Interest payable and similar charges	4	(248,277)	(253,991)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(623,295)	(23,291)
Tax on loss on ordinary activities	5	—	—
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	12	(623,295)	(23,291)

Movements in reserves are shown in Note 12 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 2011 or the year ended 31 December 2010 other than those included in the profit and loss account

The Notes on pages 9 to 15 form an integral part of these financial statements

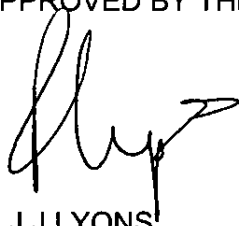
CANARY WHARF INVESTMENTS (FC4) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	31 December 2011 £	31 December 2010 £
FIXED ASSETS			
Tangible assets	6	<u>2,500,000</u>	<u>3,150,000</u>
CURRENT ASSETS			
Debtors	7	1	69,377
Cash at bank		<u>1,416,583</u>	<u>1,415,056</u>
		1,416,584	1,484,433
CREDITORS: Amounts falling due within one year	8	<u>(1,313,655)</u>	<u>(1,408,209)</u>
NET CURRENT ASSETS		<u>102,929</u>	<u>76,224</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,602,929</u>	<u>3,226,224</u>
CREDITORS: Amounts falling due after more than one year	9	<u>(3,410,000)</u>	<u>(3,410,000)</u>
NET LIABILITIES		<u>(807,071)</u>	<u>(183,776)</u>
CAPITAL AND RESERVES			
Called-up share capital	11	1	1
Profit and loss account	12	<u>(807,072)</u>	<u>(183,777)</u>
SHAREHOLDER'S DEFICIT	13	<u>(807,071)</u>	<u>(183,776)</u>

The Notes on pages 9 to 15 form an integral part of these financial statements

APPROVED BY THE BOARD ON 27 JUNE 2012 AND SIGNED ON ITS BEHALF BY



R J J LYONS
DIRECTOR

CANARY WHARF INVESTMENTS (FC4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 accounting standards. The financial statements have been prepared on the going concern basis as described in the Directors' Report.

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.

Turnover

Turnover represents rents receivable net of VAT and is recognised on an accruals basis in the period in which the rents become due.

Interest receivable and interest payable

Interest receivable and payable are recognised on an accruals basis in the period in which they fall due.

Investment properties

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 exceeds previous surpluses recognised on the same property, in which case the excess is charged to the profit and loss account.

Finance leases

Amounts due from lessees under finance leases are recognised as receivables at the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

CANARY WHARF INVESTMENTS (FC4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Trade and other debtors

Debtors 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 creditors

Trade and other creditors are stated at cost.

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.

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. The company is part of a UK group for group relief purposes and accordingly may take advantage of the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other companies in that group. The group's policy is that no payment will be made for tax losses surrendered under the group relief provisions.

2. OPERATING (LOSS)/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.

Auditor's remuneration of £1,500 (2010: £1,500) for the audit of the company for the year has been borne by another group undertaking.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Bank interest receivable	2,105	2,109
Finance lease income (Note 7)	2,757	8,471
	<u>4,862</u>	<u>10,580</u>

CANARY WHARF INVESTMENTS (FC4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Finance lease charges (Note 10)	2,757	8,471
Interest payable to group undertakings	245,520	245,520
	<u>248,277</u>	<u>253,991</u>

5. TAXATION

	Year Ended 31 December 2011 £	Year Ended 31 December 2010 £
Tax reconciliation		
Loss on ordinary activities before tax	<u>(623,295)</u>	<u>(23,291)</u>
Tax on loss on ordinary activities at UK corporation tax rate of 26.5% (2010 28.0%)	(165,173)	(6,521)
Effects of		
Provision against property interests	172,250	14,000
Group relief	<u>(7,077)</u>	<u>(7,479)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

The tax rate of 26.5% has been calculated by reference to the current corporation tax rate of 26% which was in effect for the final three quarters of the year and the previous rate of 28% which was in effect for the first quarter of the year

No provision for corporation tax has been made since the taxable 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. There is no unprovided deferred taxation.

CANARY WHARF INVESTMENTS (FC4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

6. TANGIBLE FIXED ASSETS

	Freehold Investment Property £
COST	
At 1 January 2011 and 31 December 2011	<u>3,410,000</u>
PROVISION	
At 1 January 2011	260,000
Movement for the year	<u>650,000</u>
At 31 December 2011	<u>910,000</u>
NET BOOK VALUE	
At 31 December 2011	<u>2,500,000</u>
At 31 December 2010	<u>3,150,000</u>

As at 31 December 2011 the company's leasehold property interest was valued by the group's external property advisers, Savills Commercial Limited, Chartered Surveyors, 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 further diminution in value of £650,000, which has been taken to the profit and loss account and treated as an exceptional item. This item did not give rise to deferred tax.

7. DEBTORS

	31 December 2011 £	31 December 2010 £
Amount owed by parent undertaking	1	1
Finance lease receivables	<u>—</u>	<u>69,376</u>
	<u>1</u>	<u>69,377</u>

The company acquired assets for use in the running of its property interest, subject to leases to a fellow subsidiary undertaking under finance lease terms.

CANARY WHARF INVESTMENTS (FC4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

The amount at which finance lease debtors are stated comprised.

	31 December 2011 £	31 December 2010 £
Opening balance	69,376	139,526
Finance lease rents received	(72,133)	(78,621)
Finance lease income	2,757	8,471
Closing balance	<u>—</u>	<u>69,376</u>

8. CREDITORS: Amounts falling due within one year

	31 December 2011 £	31 December 2010 £
Amount owed to fellow subsidiary undertaking	1,303,095	1,327,695
Finance lease agreements (Note 10)	6,616	75,928
Other creditors	3,944	4,586
	<u>1,313,655</u>	<u>1,408,209</u>

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

	31 December 2011 £	31 December 2010 £
Loans from fellow subsidiary undertaking	<u>3,410,000</u>	<u>3,410,000</u>

£3,069,000 (2010 £3,069,000) of the loans owed to a fellow subsidiary undertaking bears interest at 8% and is repayable on 22 February 2013

The remaining £341,000 (2010 £341,000) of the loans owed to a fellow subsidiary undertaking bears interest at 10%, subject to certain caps, and is repayable on 21 April 2015

CANARY WHARF INVESTMENTS (FC4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10. FINANCE LEASES

The amount at which finance lease obligations are stated comprises

	31 December 2011	31 December 2010
	£	£
At 1 January	75,928	146,077
Finance rents paid	(72,069)	(78,620)
Finance lease charges	2,757	8,471
At 31 December	<u>6,616</u>	<u>75,928</u>

The finance lease obligations fall due as follows

	31 December 2011	31 December 2010
	£	£
Amounts payable within 1 year	<u>6,616</u>	<u>75,928</u>
	<u>6,616</u>	<u>75,928</u>

The company's obligations under its finance lease are secured by fixed charges over the finance lease receivables which relate to the same asset and a charge over a fellow subsidiary undertaking. The rate of interest implicit in the finance lease was 8.09% at 31 December 2011 (2010 8.09%).

11. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid:

	31 December 2011	31 December 2010
	£	£
1 Ordinary share of £1	<u>1</u>	<u>1</u>

12. RESERVES

	Profit and loss account
	£
At 1 January 2011	(183,777)
Loss for the year	(623,295)
At 31 December 2011	<u>(807,072)</u>

CANARY WHARF INVESTMENTS (FC4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	31 December 2011 £	31 December 2010 £
Opening shareholders' deficit	(183,776)	(160,485)
Loss for the year	(623,295)	(23,291)
Closing shareholders' deficit	<u>(807,071)</u>	<u>(183,776)</u>

14. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 31 December 2011 and 31 December 2010 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings

15. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The company's immediate parent undertaking is Canary Wharf Funding (FC2/FC4) Limited. As at 31 December 2011, 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 plc. The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Songbird Estates plc, the ultimate parent undertaking and controlling party. Copies of the financial statements of both companies may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The directors have taken advantage of the exemption in paragraph 3(c) of FRS 8 allowing the company not to disclose related party transactions with respect to other group companies.