

CANARY WHARF (FS TWO) LIMITED
Registered Number 7321433

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION ON 21 JULY 2010 TO 31 DECEMBER 2011

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CANARY WHARF (FS TWO) LIMITED

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CANARY WHARF (FS TWO) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

The directors present their report with the audited financial statements for the period 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 was incorporated on 21 July 2010 with an issued share capital of 1 ordinary £1 shares, which was issued at par.

On 14 October 2010, the company issued 463,421 ordinary £1 shares and the shares were designated as 'A', 'B', 'C' and 'D' ordinary £1 shares as shown in Note 7.

During the period Canary Wharf Group ('the Group') and Land Securities formed 20 Fenchurch Street Limited Partnership, a 50/50 joint venture to develop 20 Fenchurch Street in the City of London. Simultaneously the Group entered into syndication arrangements with Chengdong Investment Corporation, Morgan Stanley and Qatar Holding. After syndication, the Group retained a 15% equity interest in the project.

In connection with the syndication the company acquired 1% of the units in Canary Wharf FS Unit Trust for a consideration of £462,770 and a 50% interest in 20 Fenchurch Street (GP) Limited for a consideration of £500.

The principal activity of the company is to invest in the 20 Fenchurch Street development in London.

As shown in the company's profit and loss account, the company's loss after tax for the period was £20,400.

The balance sheet shows the company's financial position at the period end and indicates that net assets were £443,022. Details of amounts owed to group companies are shown in Note 6.

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

DIVIDENDS AND RESERVES

The profit and loss account for the period ended 31 December 2011 is set out on page 6. No dividends have been paid or proposed and the retained loss of £20,400 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, 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.

The company is in a net asset position at the period end.

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 (FS TWO) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

DIRECTORS

The directors of the company throughout the period ended 31 December 2011, except as noted, were

A M Al-Sayed	(Appointed 13 October 2010)
T V Hende	(Appointed 13 October 2010)
Sir George Iacobescu CBE	(Appointed 21 July 2010)
A P Anderson II	(Served from 21 July 2010 to 13 October 2010)
R Lyons	(Served from 21 July 2010 to 13 October 2010)

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 period 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.

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

19 April 2012

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

Registered Number 7321433

CANARY WHARF (FS TWO) 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, 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 (FS TWO) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF (FS TWO) LIMITED

We have audited the financial statements of Canary Wharf (FS Two) Limited for the period from incorporation on 21 July 2010 to 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related Notes 1 to 10. 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 (APB'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 period 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 (FS TWO) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF (FS TWO) 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

19 April 2012

CANARY WHARF (FS TWO) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2011

		Period from 21 July 2010 to 31 December 2011 £
	Note	
Administrative expenses		(5,650)
OPERATING LOSS	2	(5,650)
Share of loss from investment in Jersey Property Unit Trust	5	(14,763)
Interest receivable and similar income	3	13
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(20,400)
Tax on loss on ordinary activities	4	–
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD	8	(20,400)

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 period ended 31 December 2011 other than those included in the profit and loss account

The Notes on pages 9 to 13 form an integral part of these financial statements

CANARY WHARF (FS TWO) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2011

		31 December 2011 £
	Note	
FIXED ASSETS		
Investments	5	<u>448,507</u>
CURRENT ASSETS		
Cash at bank		13,890
CREDITORS: Amounts falling due within one year	6	<u>(19,375)</u>
NET CURRENT LIABILITIES		<u>(5,485)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>443,022</u>
NET ASSETS		<u>443,022</u>
CAPITAL AND RESERVES		
Called-up share capital	7	463,422
Profit and loss account	8	<u>(20,400)</u>
SHAREHOLDERS' FUNDS	9	<u>443,022</u>

The Notes on pages 9 to 13 form an integral part of these financial statements

APPROVED BY THE BOARD ON 19 APRIL 2012 AND SIGNED ON ITS BEHALF BY



ALTERNATE DIRECTOR TO SIR GEORGE IACOBESCU CBE

CANARY WHARF (FS TWO) LIMITED

CASH FLOW STATEMENT

	Period from 21 July 2010 to 31 December 2011 £
Note	
NET CASH INFLOW FROM OPERATING ACTIVITIES	13,725
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	
Interest received	13
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	13
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	
Acquisition of investment in joint venture	(500)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(500)
Acquisition of JPUT interest	(462,770)
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS	(462,770)
CASH OUTFLOW BEFORE FINANCING	(449,532)
FINANCING	
Issue of shares	463,422
NET CASH INFLOW FROM FINANCING	463,422
INCREASE IN CASH	13,890
RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	
	£
Operating loss	(5,650)
Increase in creditors	19,375
Net cash inflow from operating activities	13,725

The Notes on pages 9 to 13 form an integral part of these financial statements

CANARY WHARF (FS TWO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 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 period, is set out below

Accounting convention

The financial statements have been prepared under the historical cost convention, with the exception of certain investments as discussed below 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

Interest receivable and interest payable

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

Investments

Investments in Jersey Property Unit Trusts are carried at the company's share of net assets. The company's share of the realised profits and losses is recorded in the profit and loss account and the company's share of the unrealised gains and losses is taken to the revaluation reserve

Other investments are stated at cost less any provision for impairment

Trade and other creditors

Trade and other creditors are stated at cost

2 OPERATING LOSS

Operating loss is stated after charging

	Period from 21 July 2010 to 31 December 2011 £
Remuneration of the auditor	
Audit fees for the audit of the company	750

None of the directors received any emoluments in respect of their services to the company during the period or the prior period

No staff were employed by the company during the period or the prior period

CANARY WHARF (FS TWO) LIMITED

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

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 21 July 2010 to 31 December 2011 £
Bank interest receivable	<u>13</u>

4. TAXATION

	Period from 21 July 2010 to 31 December 2011 £
Current tax UK corporation tax	<u>—</u>
Tax reconciliation Loss on ordinary activities before tax	<u>(20,400)</u>
Tax on loss on ordinary activities at UK Corporation tax rate of 26.5%	(5,406)
Effects of Unprovided deferred tax asset	<u>5,406</u>
Total tax charge on loss on ordinary activities	<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 taxation has been made in view of the tax loss for the period. At 31 December 2011, there was an unprovided deferred tax asset of £5,406

CANARY WHARF (FS TWO) LIMITED

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

5. INVESTMENTS

	31 December 2011 £
Investment in Jersey Property Unit Trust	448,007
Investment in joint venture	500
	<u>448,507</u>

Investment in Jersey Property Unit Trust

During the period the company acquired 1% of the units in the JPUT for a consideration of £462,770

	31 December 2011 £
Cost of interest in JPUT	462,770
Share of accumulated losses	(14,763)
	<u>448,007</u>

At 31 December 2011, the company's share of the net assets of the Jersey Property Unit Trust had fallen by £14,763, which was taken to the profit and loss account

Investment in joint venture

	£
COST	
Additions	500
At 31 December 2011	<u>500</u>
NET BOOK VALUE	
At 31 December 2011	<u>500</u>

During the year the company acquired a 50% interest in 20 Fenchurch Street (GP) Limited for a consideration of £500

The directors are of the opinion that the value of the company's investments at 31 December 2011 was not less than the amount shown in the company's balance sheet

CANARY WHARF (FS TWO) LIMITED

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

6. CREDITORS: Amounts falling due within one year

	31 December 2011 £
Trade creditors	1,225
Canary Wharf (FS Holdings) Limited Partnership	17,400
Accruals and deferred income	750
	<hr/> 19,375 <hr/>

7. CALLED-UP SHARE CAPITAL

Allotted, called up and fully paid.

	31 December 2011 £
139,026 A Ordinary share shares of £1 each	139,026
108,132 B Ordinary share shares of £1 each	108,132
108,132 C Ordinary share shares of £1 each	108,132
108,132 D Ordinary share shares of £1 each	108,132
	<hr/> 463,422 <hr/>

The company was incorporated on 21 July 2010 with an issued share capital of 1 ordinary £1 shares, which was issued at par

On 14 October 2010, the company issued 463,421 ordinary £1 shares and the shares were designated as above

8. RESERVES

	Profit and loss account £
At 21 July 2010	—
Loss for the period	(20,400)
At 31 December 2011	<hr/> (20,400) <hr/>

CANARY WHARF (FS TWO) LIMITED

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

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December
	2011
	£
Issue of ordinary share capital	463,422
Loss for the period	(20,400)
Closing shareholders' funds	<u>443,022</u>

10. RELATED PARTY TRANSACTIONS

The company is owned by the following four companies 30% by Canary Wharf (FS Invest) Limited, 23 33% Chessboard Sarl, 23 33% by Qatar Holding Netherlands BV and 23 33% by Chengdong Investment Corporation

During the period the company was billed £4,900 by Canary Wharf (FS Invest) Limited for administrative services in relation to the 20 Fenchurch Street development At 31 December 2011, £1,225 of the billed amount was still outstanding Other amounts outstanding at period end are disclosed in Note 6