

CWE SPVh LIMITED
Registered Number: 3123281

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2000



CONTENTS

	Page
Directors' Report	1 to 2
Statement of the Directors' Responsibilities in Respect of the Accounts	3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Accounts	7 to 10

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

The directors present herewith the audited accounts for the year ended 30 June 2000.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is CWE SPV HCo Limited, a company registered in England and Wales. The company's ultimate UK parent is Canary Wharf Group plc (CWG).

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 year ended 30 June 2000 is set out on page 5. The directors do not recommend the payment of a dividend (1999:Nil).

DIRECTORS

The directors of the company during the year ended 30 June 2000 were:

A P Anderson II
G Iacobescu
G Rothman

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 in the accounts of either Canary Wharf Holdings Limited, an intermediate parent company, or CWG, as appropriate.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertaking or any of its United Kingdom subsidiaries at 30 June 2000 or at any time throughout the year then ended.

AUDITORS

The company's incumbent auditors, Arthur Andersen, have indicated their willingness to continue in office and a resolution confirming their re-appointment will be submitted at the Annual General Meeting.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

BY ORDER OF THE BOARD



..... Company Secretary
J R Garwood

19 September 2000

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

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company Law requires the directors to prepare accounts 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 financial year and of the results of the company for the year then ended. In preparing these accounts 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 accounts; and
- Prepare the accounts 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 accounts 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.

AUDITORS' REPORT TO THE MEMBERS OF CWE SPVh LIMITED

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

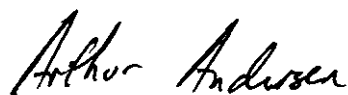
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants
and Registered Auditors
1 Surrey Street
London
WC2R 2PS

19 September 2000

CWE SPVh LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2000**

	Notes	Year Ended 30 June 2000	Year Ended 30 June 1999
		£	£
Other operating income		-	1,000
OPERATING PROFIT	2	-	1,000
Income from fixed asset investments	3	5,112,285	4,675,343
Interest receivable	4	187,270	23,439
Interest payable and similar charges	5	(5,299,555)	(4,699,782)
PROFIT FOR THE FINANCIAL YEAR		-	-

Movements in reserves are shown in Note 11 of these accounts.

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.

The notes on pages 7 to 10 form part of these accounts.

BALANCE SHEET AS AT 30 JUNE 2000

	Notes	30 June 2000	30 June 1999
		£	£
FIXED ASSETS			
Investments	7	77,000,000	77,000,000
CURRENT ASSETS			
Debtors	8	10,850,876	5,551,321
		10,850,876	5,551,321
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(87,850,875)	(82,551,320)
NET CURRENT LIABILITIES		(76,999,999)	(76,999,999)
NET ASSETS		1	1
CAPITAL AND RESERVES			
Called-up share capital	10	1	1
Profit and loss account		-	-
SHAREHOLDERS' FUNDS - EQUITY	11	1	1

There were no other recognised gains or losses for 2000 or 1999.

The notes on pages 7 to 10 form part of these accounts.

APPROVED BY THE BOARD ON 19 SEPTEMBER 2000 AND SIGNED ON ITS BEHALF BY:



A P ANDERSON II
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000**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 accounts have been prepared under the historical cost convention and in accordance with applicable 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 will be included in the accounts of CWG.

Income from investments

Investment income comprises dividends declared during the accounting period and interest receivable on investments.

Investments in group undertakings

Investments are stated in the company's balance sheet at cost less any provision for impairment.

2 ADMINISTRATIVE EXPENSES

None of the directors received any emoluments in respect of their services to the company during the year.

No staff were employed by the company other than the directors.

Auditors' remuneration has been borne by another group undertaking.

3 INCOME FROM INVESTMENTS

	Year Ended 30 June 2000	Year Ended 30 June 1999
	£	£
Proposed dividend from CWE SPVg Limited	5,112,285	4,675,343
	<u>5,112,285</u>	<u>4,675,343</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

4	INTEREST RECEIVABLE	Year Ended 30 June 2000	Year Ended 30 June 1999
		£	£
	Interest receivable from group undertakings	187,270	23,439
		<u>187,270</u>	<u>23,439</u>
5	INTEREST PAYABLE AND SIMILAR CHARGES	Year Ended 30 June 2000	Year Ended 30 June 1999
		£	£
	Interest payable to group undertakings	5,299,555	4,699,782
		<u>5,299,555</u>	<u>4,699,782</u>

Interest payable to group undertakings is subject to a cap equal to the amount of net income receivable by the company.

6 TAXATION

No charge for taxation has been made since the company recorded neither a profit nor loss for the year. There is no unprovided deferred taxation. The group has substantial tax losses which may impact on any future tax charge of the company.

7 INVESTMENTS

	Shares in Group Undertakings
	£
Net Book Value	
At 30 June 1999 and at 30 June 2000	<u>77,000,000</u>

The company has invested in redeemable preference shares issued by its fellow subsidiary undertaking, CWE SPVg Limited. The principal activity of this company is property investment. The directors are of the opinion that the value of the investment is not less than the amount shown in the company's balance sheet.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

8	DEBTORS	30 June 2000	30 June 1999
		£	£
	Amount owed by parent undertaking	1	1
	Amounts owed by fellow subsidiary undertakings	10,850,875	5,551,320
		<u>10,850,876</u>	<u>5,551,321</u>

9	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	30 June 2000	30 June 1999
		£	£
	Loans owed to parent undertaking	87,850,875	82,551,320
		<u>87,850,875</u>	<u>82,551,320</u>

The loan to the company's parent undertaking is repayable on demand and bears interest at a rate linked to LIBOR, subject to a cap equal to the amount of net income receivable.

10	CALLED-UP SHARE CAPITAL	30 June 2000	30 June 1999
		£	£
	Equity Shares		
	Ordinary shares of £1 each		
	Authorised	100	100
	Allotted, called-up, and fully paid:	<u>1</u>	<u>1</u>

11	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	£
	Shareholders' funds as at 30 June 1999 and 30 June 2000	<u>1</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

12 RELATED PARTIES

The company's immediate parent undertaking is CWE SPV HCo Limited, a company registered in England and Wales. The company's ultimate UK parent is Canary Wharf Group plc, a company registered in England and Wales.

Copies of the consolidated accounts of CWG 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 FRS8 allowing the company not to disclose related party transactions with respect to other group companies.