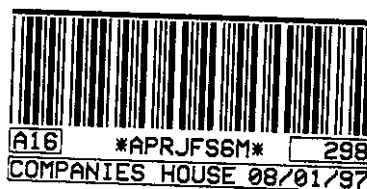


**CWE SPVh LIMITED**  
**(formerly Cactusberry Limited)**

**Registered Number: 3123281**

**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE PERIOD FROM INCORPORATION**  
**ON 7 NOVEMBER 1995 TO 30 JUNE 1996**



## **CWE SPVh LIMITED**

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### **DIRECTORS' REPORT FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996**

The directors present herewith the audited accounts for the period from incorporation on 7 November 1995 to 30 June 1996.

#### **INCORPORATION AND NAME CHANGE**

The company was incorporated on 7 November 1995. On 22 December 1995 the company changed its name to CWE SPVh Limited

#### **ULTIMATE PARENT UNDERTAKING**

On 22 December 1995 the company became a subsidiary of the Canary Wharf Group comprising Canary Wharf Holdings Limited (CWHL) and its subsidiaries (together, the CWHL Group). Its immediate parent undertaking is CWE SPV HCo Limited and the company's ultimate UK parent undertaking is CWI Holdings plc. The company's ultimate parent undertaking is C.W. Investments Limited Partnership, a Cayman Islands undertaking.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company is to act as an investment holding company. It has one investment, being in its fellow subsidiary undertaking, CWE SPVg Limited.

#### **SHARE CAPITAL**

During the period 1 ordinary share of £1 was issued for cash at par value, being the initial share capital of the company. Details of the company's share capital are shown in Note 7 to the accounts.

#### **DIVIDENDS AND RESERVES**

The directors do not recommend the payment of a dividend, there being neither a profit nor loss to be transferred to reserves.

#### **DIRECTORS**

The directors of the company during the period ended 30 June 1996 were:

A P Anderson	(appointed 22 December 1995)
G Iacobescu	(appointed 6 February 1996)
G Rothman	(appointed 6 February 1996)
C Young	(appointed 1 April 1996)

M E Richards and P J Charlton, appointed on incorporation, resigned on 22 December 1995.

**DIRECTORS' REPORT FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996  
(CONTINUED)**

**DIRECTORS' INTERESTS**

No director had any beneficial interest in the shares of the company, CWI Holdings plc or in any of its United Kingdom subsidiaries at 30 June 1996 or at any time throughout the year then ended.

**POLICY ON PAYMENT OF CREDITORS**

In respect of the company's suppliers it is the company's policy to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment; and
- abide by the terms of payment.

**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.

BY ORDER OF THE BOARD



.....) Company Secretary  
M D Precious

19 December 1996

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

**STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are required by the Companies Act 1985 to prepare accounts 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 those 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 have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have a general responsibility 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 9 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. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**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 the 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 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 1996 and of its result for the period from incorporation on 7 November 1995 to 30 June 1996 and have been properly prepared in accordance with the Companies Act 1985.

*Arthur Andersen*

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

19 December 1996

## BALANCE SHEET AT 30 JUNE 1996

	Notes	30 June 1996 £
<b>FIXED ASSETS</b>		
Investment in group undertaking	5	77,000,000
<b>CURRENT ASSETS</b>		
Debtors - amount due from parent undertaking		1
		1
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(77,000,000)
<b>NET CURRENT LIABILITIES</b>		(76,999,999)
<b>NET ASSETS</b>		1
<b>CAPITAL AND RESERVES</b>		
Called up share capital	7	1
Profit and loss account	8	-
		1

The company recorded neither a profit nor loss during the period from its incorporation on 7 November 1995 until 30 June 1996.

The notes on pages 6 to 9 form part of these accounts.

APPROVED BY THE BOARD ON 19 DECEMBER 1996 AND SIGNED ON ITS BEHALF BY:



GERALD ROTHMAN  
DIRECTOR

**NOTES TO THE ACCOUNTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996**

**1 RESTRUCTURING OF THE GROUP AND BASIS OF PREPARATION**

On 22 December 1995 the company became a member of the CWHL Group. On 27 December 1995 arrangements were finalised for the sale of the CWHL Group to CWI Holdings plc. These arrangements included the following:

- (1) The injection of share capital totalling £405 million by way of a subscription for preferred redeemable shares in the company's parent, CWHL.
- (2) The provision to CWHL of a new interim borrowing facility in the principal amount of £220 million (the Bridge Loan) for the purposes of repaying in part certain existing indebtedness of the CWHL Group, as well as providing working capital to the companies in the CWHL Group. On 27 December 1995 £130 million was drawn down from this facility and a further £35 million was drawn down during the six months to 30 June 1996. Subsequent to the year end, £42.7 million of the facility was cancelled following the arrangement of alternative facilities. The remaining facility of £12.3 million is available to draw down until 27 December 1996 at which date the facility reduces to £100 million. This residual facility is available, subject to certain conditions, for a term of up to four years. Earlier repayment on the basis of an agreed repayment schedule is triggered in the event of refinancings being put in place within the four year term. The Bridge Loan carries interest at a margin over LIBOR and is secured by:
  - (a) guarantees from the members of the CWHL Group (being all members of the CWHL Group other than the EIB Guarantors referred to in Note 1(4) below (the Bridge Loan Guarantors));
  - (b) a first ranking fixed charge over the properties at Canary Wharf, other than those properties charged to European Investment Bank (EIB) (see Note 1(4) below) and those subject to the charge to London Underground Limited (LUL) in respect of the CWHL Group's contributions to the Jubilee Line Extension, which are subject to second ranking charges to secure the Bridge Loan;
  - (c) fixed charges over certain assets of the Bridge Loan Guarantors; and
  - (d) floating charges over all assets of the Bridge Loan Guarantors.
- (3) The early prepayment of certain elements of the CWHL Group's indebtedness as at 27 December 1995.
- (4) The amendment and restatement of existing facilities made available by EIB relating to the funding of the Docklands Light Railway and the Jubilee Line Extension in an aggregate amount of £188.7 million. The restated EIB debt was assumed by the company's immediate parent undertaking, CWE SPV HCo Limited (HCo) and its obligations thereunder were guaranteed, inter alia, by CWHL, by CWE SPV Super HCo Limited, the immediate parent company of HCo, and by HCo's subsidiaries (together 'the EIB Guarantors'). The restated EIB debt carries a stepped coupon, equivalent to 7%, and is secured by first ranking charges over certain specified properties within the Canary Wharf development, over the subsidiaries within the CWHL Group holding these interests (including the

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)**

**1 RESTRUCTURING OF THE GROUP AND BASIS OF PREPARATION (Continued)**

company) and by second ranking fixed and floating charges over the other assets of the CWHL Group.

The company has guaranteed the borrowings of HCo, and has provided security over its assets to the CWHL Group's lenders. Amongst the secured obligations is a facility which is required to be reduced to a specified level by 27 December 1996. CWHL is in the process of refinancing so as to do so. The directors consider it appropriate for the company's accounts to be prepared on the going concern basis.

**2 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.

**(1) Accounting convention**

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment property interests, and in accordance with applicable accounting standards.

In accordance with the provisions of Financial Reporting Standard (FRS) 1, 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 CWHL.

**(2) Investment in group undertakings**

Investments are stated at cost less provision for permanent diminution in value.

**3 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 CWHL Group undertaking.

**4 TAXATION**

No charge for taxation has been made as there was no profit chargeable to corporation tax for the period.

NOTES TO THE ACCOUNTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996  
(CONTINUED)

## 5 INVESTMENT IN GROUP UNDERTAKING

	Period to 30 June 1996 £
Acquired 27 June 1996	77,000,000
At 30 June 1996	<u>77,000,000</u>

On 27 June 1996 the company 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.

## 6 CREDITORS

	30 June 1996 £
Amount due to parent undertaking	<u>77,000,000</u>

The amount due to the 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.

## 7 CALLED UP SHARE CAPITAL

	30 June 1996 £
Ordinary shares of £1 each: Authorised	<u>100</u>
Issued, allotted and fully paid up	<u>1</u>

## 8 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Period to 30 June 1996 £
Issue of share capital	1
Profit for the period	-
At 30 June 1996	<u>1</u>

## 10 FINANCIAL COMMITMENTS

As at 30 June 1996 the company had given a guarantee and fixed and floating charges to secure the borrowings referred to in Notes 1(2) and 1(4).

**NOTES TO THE ACCOUNTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996  
(CONTINUED)**

**11 ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is HCo, a company registered in England. The company's ultimate parent undertaking until 27 December 1995 was SIL, a company controlled by certain of the lenders to the CWHL Group. Upon the sale by SIL on 27 December 1995 of its interest in the CWHL Group, the company's ultimate parent undertaking became C.W. Investments Limited Partnership, a Cayman Islands undertaking, and its ultimate UK parent became CWI Holdings plc.

The smallest group into which the accounts of the company are consolidated are the consolidated accounts of CWHL. Copies of the accounts of CWHL may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB. The largest group into which the accounts of the company will be consolidated will be the accounts of CWI Holdings plc. Copies of these accounts will be obtainable from the above address.