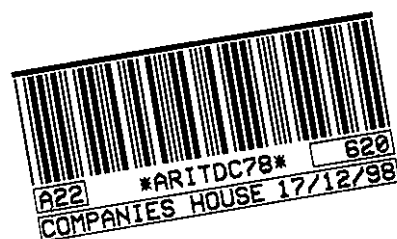


CWC SPVa LIMITED
Registered Number: 3123292

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1998



DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

The directors present herewith the audited accounts for the year ended 30 June 1998.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is CWC SPV HCo Limited and the company's ultimate UK parent undertaking is Canary Wharf Group Plc (formerly 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 property investment. At present this activity is concentrated on the Canary Wharf development in London's Docklands.

The company holds a long leasehold interest in the Canary Wharf Tower. On 4 December 1997 the company's interest in this building was enhanced by the acquisition of certain inferior leases from other Group companies.

DIVIDENDS AND RESERVES

The profit and loss account for the year is set out on page 5. The directors do not recommend the payment of a dividend for the year ended 30 June 1998 (year ended 30 June 1997: Nil) and a retained loss of £247,732 (1997 - £Nil) is to be transferred to reserves.

DIRECTORS

The directors of the company during the period ended 30 June 1998 were:

A P Anderson
G Iacobescu
G Rothman
C Young (resigned 27 January 1998)

DIRECTORS' INTERESTS

Other than share options, no director had any beneficial interest in the shares of the company, Canary Wharf Group Plc or in any of its United Kingdom subsidiaries at 30 June 1998 or at any time throughout the year then ended.

Details of options to subscribe for ordinary shares in Canary Wharf Group Plc, granted to the directors during the year, are disclosed in the consolidated accounts of that company.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)

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



..... Joint Company Secretary
M D Precious

13 November 1998

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.

London

**AUDITORS' REPORT TO THE MEMBERS OF
CWC SPVa LIMITED**

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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.

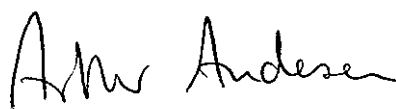
Basis of opinion

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 1998 and of its loss 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

13 November 1998

CWC SPVa LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1998**

	Notes	Year ended 30 June 1998 £	Year ended 30 June 1997 £
TURNOVER - Rental income		665,906	4
Cost of sales - rent payable		<u>(4)</u>	<u>(4)</u>
OPERATING PROFIT – continuing operations	2	665,902	-
Interest receivable	3	16,722	-
Interest payable to group undertakings		<u>(930,356)</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(247,732)	-
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE FINANCIAL YEAR	9	<u><u>(247,732)</u></u>	<u><u>-</u></u>

Movements in reserves are shown in Note 9 to these accounts.

The notes on pages 8 to 11 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
30 JUNE 1998**

	Year ended 30 June 1998	Year ended 30 June 1997
	£	£
Loss for the financial year	(247,732)	-
Unrealised surplus on revaluation of properties	5,208,998	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL YEAR	4,961,266	-

The notes on pages 8 to 11 form part of these accounts.

CWC SPVa LIMITED**BALANCE SHEET AT 30 JUNE 1998**

	Notes	30 June 1998 £	30 June 1997 £
FIXED ASSETS			
Tangible fixed assets	5	26,000,404	1
CURRENT ASSETS			
Debtors	6	420,318	5
Cash at bank		190,587	-
		610,905	5
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	(21,650,042)	(5)
NET CURRENT LIABILITIES		(21,039,137)	-
TOTAL ASSETS LESS CURRENT LIABILITIES		4,961,267	1
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Revaluation reserve		5,208,998	-
Profit and loss account	8	(247,732)	-
		4,961,267	1

The notes on pages 8 to 11 form part of these accounts.

APPROVED BY THE BOARD ON 13 NOVEMBER 1998 AND SIGNED ON ITS BEHALF
BY:



A PETER ANDERSON
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies of the company, all of which have been applied consistently throughout the year and preceding year, are set out below.

(1) Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable accounting standards. Compliance with SSAP 19 'Accounting for Investment Properties' requires departure from the requirements of Companies Act 1985 relating to depreciation and an explanation of this departure is given in Note 1(4) below.

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 Canary Wharf Holdings Limited (CWHL).

(2) Turnover

Turnover represents rents receivable which are recognised in the profit and loss account in the period in which they become due.

(3) Deferred taxation

Taxation deferred or accelerated by the effect of timing differences is accounted for to the extent that it is probable that a liability or asset will crystallise.

(4) Fixed assets

Tangible fixed assets include long leasehold property interests held for investment. In accordance with SSAP 19 investment properties are revalued annually and the aggregate surplus or deficit transferred to revaluation reserve.

No provision is made for depreciation of long leasehold properties. This departure from the requirements of the Companies Act 1985, 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 in accordance with applicable accounting standards. Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount attributable to this factor cannot be separately identified or quantified. Surpluses or deficits on individual investment properties are transferred to the revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (Continuing)**(5) Related party transactions**

Under the provisions of FRS 8, the company is exempt from the requirements to disclose related party transactions with other group company's as 90% of the voting rights are controlled within the group and the ultimate U.K. parent undertaking publishes consolidated financial statements that are publicly available.

2 OPERATING PROFIT

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 INTEREST RECEIVABLE

	Year ended 30 June 1998	Year ended 30 June 1997
	£	£
Bank interest	3,107	-
Interest receivable from group undertakings	13,615	-
	<u>16,722</u>	<u>-</u>

4 TAXATION

No charge for taxation has been made in view of the loss for the year. There is no unprovided deferred taxation. The CWHL Group has substantial tax losses which may impact on the company's future tax charge.

5 TANGIBLE FIXED ASSETS

Tangible fixed assets comprise a freehold property interest, subject to and with the benefit of long leases to certain fellow subsidiary undertakings.

	£
At 1 July 1997	1
Acquisition of property interests	20,500,001
Other additions in the year	591,404
Grant of leasehold interest	(300,000)
Revaluation	5,208,998
At 30 June 1998	<u>26,000,404</u>
Historical cost	<u>20,791,406</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)

5 TANGIBLE FIXED ASSETS (Continued)

On 4 December 1997 the company acquired certain leasehold property interests from fellow subsidiaries of the CWHL Group. On 26 March 1998 the company granted a leasehold interest to a fellow subsidiary and on 30 June 1998 the company acquired the freehold of its property interest. The consideration for these transactions was determined on the basis of external open market valuations.

The company's leasehold property interest was valued by the CWHL Group's external property advisers, FPD Savills, Chartered Surveyors, as at 30 June 1998 on the basis of Open Market Value in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. No allowance has been made for any expenses of realisation nor for any taxation which might arise in the event of disposal. The valuation resulted in a revaluation surplus of £5,208,998 which has been transferred to revaluation reserve.

6 DEBTORS

	30 June 1998	30 June 1997
	£	£
Amount due from parent undertaking	1	1
Amounts due from fellow subsidiary undertakings	420,317	4
	<u>420,318</u>	<u>5</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1998	30 June 1997
	£	£
Loans from fellow subsidiary undertakings	21,116,740	-
Amount due to parent undertaking	1	1
Amounts due to fellow subsidiary undertaking	438,008	4
Accruals and deferred income	95,293	-
	<u>21,650,042</u>	<u>5</u>

The loans from fellow subsidiary undertakings bear interest at rates linked to LIBOR and are repayable on demand.

8 CALLED UP SHARE CAPITAL

	30 June 1998	30 June 1997
	£	£
Ordinary shares of £1 each:		
Authorised	<u>100</u>	<u>100</u>
Issued, allotted and fully paid	<u>1</u>	<u>1</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1998 (CONTINUED)

9 RESERVES

	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1 July 1997		-	-
Retained loss	-	(247,732)	(247,732)
Revaluation	5,208,998	-	5,208,998
At 30 June 1998	<u>5,208,998</u>	<u>(247,732)</u>	<u>4,961,266</u>

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	£
At 1 July 1997	1
Loss for the year	(247,732)
Revaluation	5,208,998
At 30 June 1998	<u>4,961,267</u>

11 FINANCIAL COMMITMENTS

As at 30 June 1998 the company had given a guarantee and fixed and floating charges to secure the borrowings of other Group undertakings.

12 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is CWC SPV HCo Limited and the company's ultimate UK parent undertaking is Canary Wharf Group Plc (formerly CWI Holdings plc). The company's ultimate parent undertaking is C.W. Investments Limited Partnership, a Cayman Islands undertaking.

The smallest group into which the accounts of the company are consolidated are the consolidated accounts of Canary Wharf Holdings Limited. Copies of the accounts of CWHL may be obtained from the Joint 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 Canary Wharf Group Plc. Copies of these accounts may be obtained from the above address.