

CWE SPVd LIMITED
Registered Number: 3123296

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1997



DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1997

The directors present herewith the audited accounts for the year ended 30 June 1997.

ULTIMATE PARENT UNDERTAKING

The company is 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 property investment. At present this activity is concentrated on the Canary Wharf development in London's Docklands.

DIVIDENDS AND RESERVES

The profit and loss account for the period is set out on page 5. The directors do not recommend the payment of a dividend (1996 - £Nil) and a retained profit of £26,520 (1996 - £14,121) is to be transferred to reserves.

DIRECTORS

The directors of the company during the year ended 30 June 1997 were:

A P Anderson
G Iacobescu
G Rothman
C Young

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 1997 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.


There were no external creditors at 30 June 1997 (30 June 1996 - Nil).

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1997 (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

27 October 1997

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 SPVd LIMITED**

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention, as modified by the revaluation of investment property interests, and the accounting policies set out on page 8.

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.

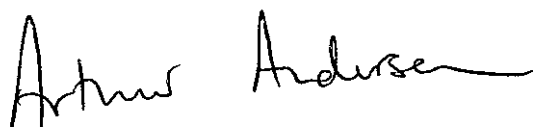
Basis of opinion

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 1997 and of its profit 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

27 October 1997

CWE SPVd LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997**

| | Notes | Year ended 30 June 1997 £ | Period ended 30 June 1996 £ |
|--|-------|------------------------------------|--------------------------------------|
| TURNOVER - Rental income | | 94,221 | 49,177 |
| Cost of sales | | (2) | - |
| OPERATING PROFIT - continuing operations | 2 | 94,219 | 49,177 |
| Interest payable to fellow subsidiary undertaking | | (67,699) | (35,056) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 26,520 | 14,121 |
| Tax on profit on ordinary activities | 3 | - | - |
| PROFIT FOR THE FINANCIAL PERIOD | 8 | 26,520 | 14,121 |

Movements on reserves are shown in Note 8 to the accounts.

The notes on pages 8 to 10 form part of these accounts.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED
30 JUNE 1997**

| | Year ended 30 June 1997 | Period ended 30 June 1996 |
|---|----------------------------|------------------------------|
| | £ | £ |
| Profit for the financial period | 26,520 | 14,121 |
| Unrealised (deficit)/surplus on revaluation of properties | (50,000) | 150,000 |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL PERIOD | <u>(23,480)</u> | <u>164,121</u> |

The notes on pages 8 to 10 form part of these accounts.

CWE SPVd LIMITED**BALANCE SHEET AT 30 JUNE 1997**

| | Notes | 30 June 1997 £ | 30 June 1996 £ |
|---|-------|----------------------|----------------------|
| FIXED ASSETS | | | |
| Tangible fixed assets | 4 | 1,200,000 | 1,250,000 |
| CURRENT ASSETS | | | |
| Debtors | 5 | 143,399 | 49,178 |
| | | 143,399 | 49,178 |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 6 | (1,202,757) | (1,135,056) |
| NET CURRENT LIABILITIES | | (1,059,358) | (1,085,878) |
| NET ASSETS | | 140,642 | 164,122 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 7 | 1 | 1 |
| Revaluation reserve | 8 | 100,000 | 150,000 |
| Profit and loss account | 8 | 40,641 | 14,121 |
| | | 140,642 | 164,122 |

The notes on pages 8 to 10 form part of these accounts.

APPROVED BY THE BOARD ON 27 OCTOBER 1997 AND SIGNED ON ITS BEHALF BY:



A PETER ANDERSON
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1997

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.

(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) Tangible fixed assets

Tangible fixed assets, comprising leasehold investment properties, are revalued annually in accordance with SSAP 19. No provision has been made for depreciation of investment properties and 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 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 is expected to be permanent, in which case it is charged to the profit and loss account.

(3) Turnover

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

2 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.

3 TAXATION

No charge for taxation has been made since the profit for the period will be covered by group relief expected to be available for surrender by other companies within the CWHL Group. No charge will be made by other group companies for the surrender of group relief.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1997 (CONTINUED)

3 TAXATION (Continued)

There is no unprovided deferred taxation. The CWHL Group has substantial tax losses which may impact the company's future tax charge.

4 TANGIBLE FIXED ASSETS

Tangible fixed assets comprise a leasehold property interest, subject to and with the benefit of an underlease to a fellow subsidiary undertaking.

| | £ |
|-------------------------|------------------|
| At 1 July 1996 | 1,250,000 |
| Revaluation | (50,000) |
| Balance at 30 June 1997 | <u>1,200,000</u> |
| Historical cost: | <u>1,100,000</u> |

The company's leasehold property interest was valued by the Group's external property advisers, Savills Commercial Limited, Chartered Surveyors, as at 30 June 1997 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 was made for any expenses of realisation nor for any taxation which might arise in the event of disposal. The valuation resulted in a revaluation deficit of £50,000 which has been transferred from the revaluation reserve.

5 DEBTORS

| | 30 June 1997 | 30 June 1996 |
|---|-----------------|-----------------|
| | £ | £ |
| Amounts due from parent undertaking | 1 | 1 |
| Amounts due from fellow subsidiary undertakings | 143,398 | 49,177 |
| | <u>143,399</u> | <u>49,178</u> |

6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 30 June 1997 | 30 June 1996 |
|---|------------------|------------------|
| | £ | £ |
| Amount due to fellow subsidiary undertaking | <u>1,202,757</u> | <u>1,135,056</u> |

The amount due to a fellow subsidiary undertaking carries interest at a rate linked to LIBOR and is repayable on demand.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1997 (CONTINUED)

7 CALLED UP SHARE CAPITAL

| | 30 June 1997 | 30 June 1996 |
|---------------------------------|-----------------|-----------------|
| | £ | £ |
| Ordinary shares of £1 each: | | |
| Authorised | 100 | 100 |
| Issued, allotted and fully paid | 1 | 1 |

8 RESERVES

| | Revaluation reserve | Profit and loss account | Total |
|---------------------------------|------------------------|----------------------------|----------|
| | £ | £ | £ |
| At 1 July 1996 | 150,000 | 14,121 | 164,121 |
| Profit for the financial period | - | 26,520 | 26,520 |
| Revaluation | (50,000) | - | (50,000) |
| As at 30 June 1997 | 100,000 | 40,641 | 140,641 |

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | £ |
|---------------------------------|----------|
| At 1 July 1996 | 164,122 |
| Revaluation | (50,000) |
| Profit for the financial period | 26,520 |
| At 30 June 1997 | 140,642 |

11 FINANCIAL COMMITMENTS

As at 30 June 1997 the company had given a guarantee and fixed and floating charges to secure the borrowings of its parent undertakings.

12 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is CWE SPV HCo Limited, a company registered in England. The company's ultimate UK parent undertaking is CWI Holdings plc and its ultimate parent 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 CWHL. 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 CWI Holdings plc. Copies of these accounts will be obtainable from the above address.