

CWE SPVd LIMITED
Registered Number: 3123296

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1999



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CWE SPVd LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

The directors present herewith the audited accounts for the year ended 30 June 1999.

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 is Canary Wharf Group plc (CWG) and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

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 year ended 30 June 1999 is set out on page 5. The directors do not recommend the payment of a dividend (1998:£198,692).

DIRECTORS

The directors of the company during the year ended 30 June 1999 were:

A P Anderson
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 issued to the directors are disclosed in the accounts of CWG.

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 1999 or at any time throughout the year then ended.

CWE SPVd LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

YEAR 2000 COMPLIANCE


The Group has assessed the impact of the Year 2000 issue on its reporting systems and operations and on the basis of this assessment has formulated an action plan for dealing with the issues associated with the date change, with a view to rectifying any Year 2000 problem before 2000 and minimising the impact of third parties' lack of Year 2000 compliance. Work has been completed on the core financial system and is progressing according to plan in respect of other business information and operational systems and will be completed prior to the year end. Costs are taken to the profit and loss account for the period in which they are incurred.

After allowing for recoveries, costs incurred in upgrading the Group's systems during the year were not significant. Moreover, the financial cost to be borne by the Group in ensuring compliance with the remaining Year 2000 issues is not expected to be significant to the Group during the subsequent accounting period.

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
J R Garwood

16 September 1999

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 year 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 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 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 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.

ARTHUR ANDERSEN

London

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 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 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 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 1999 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

16 September 1999

CWE SPVd LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999**

	Notes	Year Ended 30 June 1999	Year Ended 30 June 1998
		£	£
Turnover - rental income		-	94,221
Cost of sales		-	(2)
OPERATING PROFIT	2	-	94,219
Exceptional Items:			
Profit on sale of fixed assets	3	-	50,000
Bank interest receivable		79,546	-
Interest payable and similar charges	4	(79,546)	(86,168)
PROFIT FOR THE FINANCIAL YEAR		-	58,051
Dividends	6	-	(198,692)
RETAINED LOSS FOR THE YEAR		-	(140,641)

Movements in reserves are shown in Note 10 of these accounts.

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

CWE SPVd LIMITED**HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 30 JUNE 1999**

	Year Ended 30 June 1999	Year Ended 30 June 1998
	£	£
Profit on ordinary activities before taxation	-	58,051
Realisation of revaluation gains of previous periods	-	100,000
Historical cost profits on ordinary activities before taxation	-	158,051
Historical cost losses for the year retained after taxation, dividends and other appropriations	-	(40,641)

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

CWE SPVd LIMITED**BALANCE SHEET AS AT 30 JUNE 1999**

	Notes	30 June 1999 £	30 June 1998 £
CURRENT ASSETS			
Debtors	7	1,567,166	1,487,620
		<u>1,567,166</u>	<u>1,487,620</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(1,567,165)	(1,487,619)
NET ASSETS		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account		-	-
SHAREHOLDERS' FUNDS - EQUITY	10	<u>1</u>	<u>1</u>

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

APPROVED BY THE BOARD ON 16TH SEPTEMBER 1999 AND SIGNED ON ITS BEHALF
BY:



A P ANDERSON
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999

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.

Turnover

Rental income, stated net of VAT, is recognised in the period in which it falls due.

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.

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 EXCEPTIONAL ITEMS

On 30 June 1998 the company transferred its property interest to a fellow subsidiary undertaking for a consideration of £1,25 million determined on the basis of an external open market valuation. This transaction resulted in a profit of £50,000 which has been reflected as an exceptional item in the profit and loss account for the year ended 30 June 1998.

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30 June 1999 £	Year Ended 30 June 1998 £
Interest payable to group undertakings	79,546	86,168
	<u>79,546</u>	<u>86,168</u>

CWE SPVd LIMITED**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999****5 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 the company's future tax charge.

6 DIVIDENDS

	Year Ended 30 June 1999	Year Ended 30 June 1998
	£	£
Ordinary dividends - proposed (1998 - £198,692 per share)	-	198,692
	-	198,692

7 DEBTORS

	30 June 1999	30 June 1998
	£	£
Loan to fellow subsidiary undertaking	1,329,546	1,250,000
Amount owed by parent undertaking	1	1
Amounts owed by fellow subsidiary undertakings	237,619	237,619
	1,567,166	1,487,620

The loan to a fellow subsidiary undertaking bears interest at a rate linked to LIBOR and is repayable on demand.

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1999	30 June 1998
	£	£
Loan owed to parent undertaking	204,155	198,692
Loan owed to fellow subsidiary undertaking	1,363,006	1,288,923
Amounts owed to fellow subsidiary undertakings	4	4
	1,567,165	1,487,619

The loans from the parent and fellow subsidiary undertakings bear interest at a rate linked to LIBOR and are repayable on demand.

CWE SPVd LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999

9 SHARE CAPITAL

	30 June 1999	30 June 1998
	£	£
Equity Shares		
Ordinary shares of £1 each		
Authorised	100	100
Issued, allotted and fully paid	1	1

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' funds as at 1 July 1998	1
Shareholders' funds as at 30 June 1999	1

11 RELATED PARTIES

The company's immediate parent undertaking is CWE SPV HCo Limited, a company registered in England. The company's ultimate UK parent is Canary Wharf Group plc and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

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.