

**CWE SPV HCo LIMITED**  
**Registered Number: 3123311**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2003**



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**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003**

The directors present their report with the audited financial statements for the year ended 30 June 2003.

**ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is CWE SPV Super HCo Limited, a company registered in England and Wales. The company's ultimate parent undertaking 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 2003 is set out on page 6. During the year the company recorded a profit of £15,583,646 (2002:£12,487,867). The directors recommend the payment of an interim dividend of £15,583,646 (2002: £16,769,379).

**DIRECTORS**

The directors of the company throughout the year ended 30 June 2003 were:

A P Anderson II  
G Iacobescu  
R Lyons

**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 as appropriate in the financial statements of either the intermediate parent company, Canary Wharf Estate Limited, or CWG, the ultimate parent company.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertaking or any of its subsidiaries at 30 June 2003 or at any time throughout the year then ended.

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003**

**AUDITORS**

On 1 August 2003 Deloitte & Touche, the company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of s26(5) of the Companies Act 1989.

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meeting and the appointment of auditors annually are currently in force. The auditors, Deloitte & Touche LLP, will therefore be deemed to have been reappointed at the end of the period of 28 days, beginning the day on which copies of this report and financial statements are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

BY ORDER OF THE BOARD



..... Company Secretary  
J R Garwood

28 April 2004

Registered office:  
30th Floor  
One Canada Square  
Canary Wharf  
London  
E14 5AB

**STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are required by the Companies Act 1985 to prepare financial statements 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 financial statements 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 financial statements; and
- prepare the financial statements 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 financial statements 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CWE SPV HCo LIMITED**

We have audited the financial statements of CWE SPV HCo Limited for the year ended 30 June 2003 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CWE SPV HCo LIMITED**

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements 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 financial statements 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 financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**  
**Chartered Accountants and Registered Auditors**  
London

28 April 2004

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	Year Ended 30 June 2003	Year Ended 30 June 2002
		£	£
Income from shares in group undertakings		30,033,624	25,597,556
Interest receivable and similar income	3	6,555,895	6,214,598
Interest payable and similar charges	4	(21,005,873)	(19,324,287)
<b>PROFIT FOR THE FINANCIAL YEAR</b>	12	15,583,646	12,487,867
Dividends	6	(15,583,646)	(16,769,379)
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>	13	-	(4,281,512)

Movements in reserves are shown in Note 12 of these financial statements.

All amounts relate to continuing activities in the United Kingdom.

There were no recognised gains or losses for the year ended 30 June 2003 or the year ended 30 June 2002 other than those included in the profit and loss account.

The notes on pages 8 to 13 form an integral part of these financial statements.



## BALANCE SHEET AS AT 30 JUNE 2003

	Notes	30 June 2003 £	30 June 2002 £
<b>FIXED ASSETS</b>			
Investments	7	196,537,824	196,537,824
<b>CURRENT ASSETS</b>			
Debtors	8	218,764,839	182,175,779
Cash at bank and in hand		115	36,989
		218,764,954	182,212,768
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	(202,545,390)	(166,178,818)
<b>NET CURRENT ASSETS</b>		16,219,564	16,033,950
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		212,757,388	212,571,774
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	10	(180,721,135)	(180,535,521)
<b>NET ASSETS</b>		32,036,253	32,036,253
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	100	100
<b>Reserves:</b>			
Share premium account	12	32,036,153	32,036,153
Profit and loss account	12	-	-
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	13	32,036,253	32,036,253

The notes on pages 8 to 13 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 28 APRIL 2004 AND SIGNED ON ITS BEHALF BY:



R LYONS  
DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**

**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 financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

In accordance with the provisions of 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 is included in the financial statements of CWG.

Income from investments

Investment income comprises dividends receivable on investments in subsidiaries during the accounting period.

Investments in subsidiary undertakings

The company's investments in subsidiaries are stated at cost less any provision for impairment.

Debt

Debt instruments are stated immediately after issue at the amount of the net proceeds. The finance costs of such debt instruments are allocated to periods over the term of the debt at a constant rate on the carrying amount. The carrying amount is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debt in that period. Finance costs are charged to the profit and loss account.

Interest receivable and interest payable

Interest receivable and payable are recognised in the period in which they fall due.

**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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

## 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 30 June 2003	Year Ended 30 June 2002
	£	£
Interest receivable from group undertakings	6,555,469	6,214,025
Bank interest receivable	426	573
	<u>6,555,895</u>	<u>6,214,598</u>

## 4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30 June 2003	Year Ended 30 June 2002
	£	£
Interest payable to group undertakings	21,005,873	19,324,287
	<u>21,005,873</u>	<u>19,324,287</u>

## 5 TAXATION

	Year Ended 30 June 2003	Year Ended 30 June 2002
	£	£
Current tax:		
UK corporation tax (see below)	-	-
Tax reconciliation:		
Profit on ordinary activities before tax	15,583,646	12,487,867
Tax on profit on ordinary activities at UK corporation tax rate of 30%	4,675,093	3,746,360
Effects of:		
Items not chargeable to tax	(9,010,087)	(7,679,266)
Tax losses and other timing differences	4,334,994	3,932,906
Current tax charge for the year	<u>-</u>	<u>-</u>

No provision for taxation has been made in view of the tax loss for the year. It is anticipated that tax losses will impact on future tax charges. There is no unprovided deferred taxation.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

6	DIVIDENDS	Year Ended 30 June 2003	Year Ended 30 June 2002
		£	£
	Interim dividend £155,836 per share (2002 - £167,693 per share)	15,583,646	16,769,379
		<u>15,583,646</u>	<u>16,769,379</u>

7	INVESTMENTS	Shares in Group Undertakings
		£
	<b>Net Book Value</b>	
	At 30 June 2002 and at 30 June 2003	<u>196,537,824</u>

At 30 June 2003 the company's subsidiary undertakings were as follows:

<u>Name</u>	<u>Description of shares held</u>	<u>Principal activities</u>
Canary Wharf Investments (Two) Limited	Ordinary US\$1 shares	Property investment
Canary Wharf Investments (Four) Limited	Ordinary US\$1 shares	Property investment
CWE SPVa Limited	Ordinary £1 shares	Property investment
CWE SPVb Limited	Ordinary £1 shares	Property investment
CWE SPVc Limited	Ordinary £1 shares	Property investment
CWE SPVd Limited	Ordinary £1 shares	Property investment
CWE SPVe Limited	Ordinary £1 shares	Property investment
CWE SPVf Limited	Ordinary £1 shares	Property investment
CWE SPVg Limited	Ordinary £1 shares	Property investment
CWE SPVh Limited	Ordinary £1 shares	Property investment

The above are wholly owned subsidiaries registered in England and Wales.

The company also holds the entire share capital of the General Partners in the First Tower Limited Partnership (the Partnership), the principal activity of which is property investment. During the year ended 30 June 1997, the company completed the sale of its interest in the twelve Limited Partners in the Partnership to a third party for a nominal consideration. Further consideration may become receivable by the company in the future, contingent upon the satisfaction of certain conditions.

Financial information is only presented in these financial statements about the company as an individual undertaking and not about its group because the company and its subsidiary undertakings are included in the consolidated financial statements of a larger group (Note 15).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

The directors are of the opinion that the value of the company's investments at 30 June 2003 was not less than the amount shown in the company's balance sheet.

**8 DEBTORS**

	30 June 2003	30 June 2002
	£	£
Loans to subsidiary undertakings	185,577,535	153,424,509
Amounts owed by fellow subsidiary undertakings	4,081,530	214,435
Amounts owed by subsidiary undertakings	29,105,774	28,536,802
Prepayments and accrued income	-	33
	<u>218,764,839</u>	<u>182,175,779</u>

The loans to group undertakings bear interest at rates linked to LIBOR, subject to certain caps, and are repayable on demand.

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	30 June 2003	30 June 2002
	£	£
Loans from parent undertaking	80,220,576	62,521,006
Loans from fellow subsidiary undertakings	32,285,363	25,058,715
Loans from subsidiary undertakings	55,899,805	44,422,118
Amounts owed to fellow subsidiary undertakings	17,302,471	17,339,803
Amounts owed to subsidiary undertakings	16,837,175	16,837,176
	<u>202,545,390</u>	<u>166,178,818</u>

The loans from the parent undertaking and £1,638,224 of the loans from fellow subsidiary undertakings are repayable on demand and carry interest at market rates linked to LIBOR subject to a cap equal to the amount of net income receivable.

The remaining loans from group companies bear interest at a rate linked to an issue of debentures by another group company, and are repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

## 10 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	30 June 2003	30 June 2002
	£	£
Loan owed to fellow subsidiary undertaking	180,721,135	180,535,521
	<u>180,721,135</u>	<u>180,535,521</u>

The loan from a fellow subsidiary undertaking bears interest at a rate linked to an issue of publicly quoted debentures by a subsidiary of Canary Wharf Group plc and is repayable in 2007.

## 11 CALLED-UP SHARE CAPITAL

	30 June 2003	30 June 2002
	£	£
Equity Shares		
Authorised, 100 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid, 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

## 12 RESERVES

	Share Premium Account	Profit and Loss Account	Total
	£	£	£
At 1 July 2002	32,036,153	-	32,036,153
Profit for the financial year	-	15,583,646	15,583,646
Dividend	-	(15,583,646)	(15,583,646)
At 30 June 2003	<u>32,036,153</u>	<u>-</u>	<u>32,036,153</u>

## 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' funds as at 1 July 2002	32,036,253
Profit for the financial year	15,583,646
Dividend	<u>(15,583,646)</u>
Shareholders' funds as at 30 June 2003	<u>32,036,253</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**

**14 CAPITAL COMMITMENTS**

As at 30 June 2003 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

**15 RELATED PARTIES**

The company's immediate parent undertaking is CWE SPV Super HCo Limited, a company registered in England and Wales. The company's ultimate parent was Canary Wharf Group plc (subsequently renamed Canary Wharf Estate Limited) until 4 December 2001. Following the completion of a group reconstruction on this date the new holding company, New Canary Wharf plc, subsequently renamed Canary Wharf Group plc, a company registered in England and Wales, is considered the company's ultimate parent undertaking.

Canary Wharf Group plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up.

Copies of the consolidated financial statements of Canary Wharf Group plc may be obtained from the Company Secretary, 30th Floor, 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.