

CWE SPV HCO LIMITED
Registered Number: 3123311

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR FROM 1 JANUARY 2005 TO 31 DECEMBER 2005



CWE SPV HCO LIMITED

FINANCIAL STATEMENTS

CONTENTS

	PAGE
The Directors' Report	1
Statement of the Directors' Responsibilities in Respect of the Financial Statements	3
Independent Auditors' Report	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8

CWE SPV HCO LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report with the audited financial statements for the year ended 31 December 2005.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is CWE SPV Super HCo Limited and its ultimate parent undertaking is Songbird Estates plc ('Songbird'), both companies are registered in England and Wales.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is to act as an investment holding company.

FUTURE DEVELOPMENTS

The company is expected to continue with its principal activity for the foreseeable future.

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2005 is set out on page 6. The company recorded a profit after tax of £103,500,000 (2004: profit of £5,696,031) and dividends of £103,500,000 (2004: £5,696,031) have been paid during the year.

DIRECTORS

The directors of the company throughout the year ended 31 December 2005 were:

A P Anderson II
G Iacobescu
R Lyons

The group has in place liability insurance covering the directors and other officers of group companies.

DIRECTORS' INTERESTS

The directors have been granted options to subscribe for ordinary class B shares in Songbird. Details of interests and options to subscribe for shares in Songbird are disclosed in the financial statements of either of the intermediate parent companies, Canary Wharf Estate Limited or Canary Wharf Group plc, as appropriate.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertakings or other group undertakings at 31 December 2005 or at any time throughout the year then ended.

FINANCIAL INSTRUMENTS

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, with these due from other group companies who are able to repay these if required.

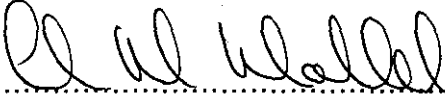
CWE SPV HCO LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

AUDITORS

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


..... Joint Secretary
A M Holland

15 August 2006

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

CWE SPV HCO LIMITED

STATEMENT OF 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 year and of the results for the year then ended. In preparing these financial statements, the directors are required to:

- select suitable accounting policies, as described on page 8, 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.

CWE SPV HCO LIMITED

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 31 December 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. 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 may 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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 circumstances of the company, consistently applied and adequately disclosed.

CWE SPV HCO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CWE SPV HCO LIMITED

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the company's affairs as at 31 December 2005 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

15 August 2006

CWE SPV HCO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		Year ended 31 December 2005 £	Six months ended 31 December 2004 £
	Note		
OPERATING PROFIT	2	—	—
Income from shares in group undertakings	7	131,000,000	12,158,390
Exceptional item:			
Provision against investments	7	(22,530,028)	—
Interest receivable and similar income	3	12,446,253	5,744,568
Interest payable and similar charges	4	(17,416,225)	(12,206,927)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		103,500,000	5,696,031
Tax on profit on ordinary activities	5	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		103,500,000	5,696,031
Dividends	6	(103,500,000)	(5,696,031)
RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	12	—	—

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 and losses for the year ended 31 December 2005 or the period ended 31 December 2004 other than those included in the profit and loss account.

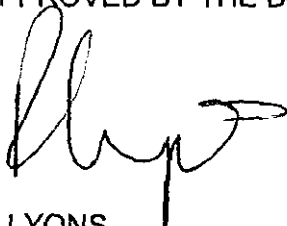
The notes on pages 8 to 14 form an integral part of these financial statements.

CWE SPV HCO LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2005**

	Note	31 December 2005 £	31 December 2004 £
FIXED ASSETS			
Investments	7	174,007,796	196,537,824
CURRENT ASSETS			
Debtors	8	19,393,074	286,564,783
Cash in hand		145	145
		19,393,219	286,564,928
CREDITORS: Amounts falling due within one year	9	(161,364,762)	(280,886,493)
NET CURRENT (LIABILITIES)/ASSETS		(141,971,543)	5,678,435
TOTAL ASSETS LESS CURRENT LIABILITIES		32,036,253	202,216,259
CREDITORS: Amounts falling due after more than one year	10	-	(170,180,006)
NET ASSETS		32,036,253	32,036,253
CAPITAL AND RESERVES			
Called-up equity share capital	11	100	100
Share premium account	12	32,036,153	32,036,153
SHAREHOLDERS' FUNDS - EQUITY	13	32,036,253	32,036,253

The notes on pages 8 to 14 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 15 AUGUST 2006 AND SIGNED ON ITS BEHALF BY:



R LYONS
DIRECTOR

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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 period, is set out below.

Accounting convention

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

In accordance with the provisions of FRS 1 (Revised) the company is exempt from the requirements to prepare a cash flow statement, as it is a wholly-owned subsidiary of Canary Wharf Group plc, which has prepared a consolidated cash flow statement.

Interest receivable and interest payable

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

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.

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.

2. OPERATING PROFIT

None of the directors received any emoluments in respect of their services to the company during the year or the prior period.

No staff were employed by the company during the year or the prior period.

Auditors' remuneration for the year and the prior period have been borne by another group undertaking.

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2005 £	Six months ended 31 December 2004 £
Interest receivable from group undertakings	<u>12,446,253</u>	<u>5,744,568</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2005 £	Six months ended 31 December 2004 £
Interest payable to group undertakings	<u>17,416,225</u>	<u>12,206,927</u>

5. TAXATION

	Year ended 31 December 2005 £	Six months ended 31 December 2004 £
Current tax:		
UK Corporation tax (see below)	<u>-</u>	<u>-</u>
Tax reconciliation:		
Profit on ordinary activities before tax	<u>103,500,000</u>	<u>5,696,031</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	31,050,000	1,708,809
Effects of:		
Items not chargeable to tax	(39,300,000)	(3,647,517)
Expenses not deductible for tax purposes	6,759,008	-
Tax losses and other timing differences	<u>1,490,992</u>	<u>1,938,708</u>
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.

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

6. DIVIDENDS

	Year ended 31 December 2005 £	Six months ended 31 December 2004 £
Dividends paid during the year (£103,500,000 per share) (2004: £5,696,031 per share)	<u>103,500,000</u>	<u>5,696,031</u>

7. INVESTMENTS

	Shares in Group Undertakings £
COST	
At 1 January 2005 and 31 December 2005	<u>196,537,824</u>
PROVISION FOR IMPAIRMENT	
Provided during the year	<u>22,530,028</u>
At 31 December 2005	<u>22,530,028</u>
NET BOOK VALUE	
At 31 December 2005	<u>174,007,796</u>
At 31 December 2004	<u>196,537,824</u>

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

7. INVESTMENTS

At 31 December 2005 the company's principal subsidiary undertakings were as follows:

Name	Description of shares held	Principal activities
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.

Dividends totalling £131,000,000 (2004: £12,158,390) were paid by the company's subsidiaries during the year ended 31 December 2005.

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 14).

The directors are of the opinion that the value of the company's investments at 31 December 2005 was not less than the amount shown in the company's balance sheet.

8. DEBTORS

	31 December 2005 £	31 December 2004 £
Amount owed by parent undertaking	—	184,247
Amount owed by subsidiary undertaking	—	51,881,034
Loans to subsidiary undertakings	15,187,736	229,255,392
Loan to fellow subsidiary undertaking	3,990,903	5,213,922
Amount owed by fellow subsidiary undertaking	214,435	30,188
	<u>19,393,074</u>	<u>286,564,783</u>

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

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

9. CREDITORS: Amounts falling due within one year

	31 December 2005 £	31 December 2004 £
Loan from parent undertaking	15,293,195	85,032,111
Loan from subsidiary undertaking	—	74,842,523
Loan from fellow subsidiary undertaking	125,676,633	49,417,156
Amount owed to parent undertaking	—	27,299,606
Amounts owed to subsidiary undertakings	17,394,842	16,843,438
Amounts owed to fellow subsidiary undertakings	3,000,092	27,451,659
	<u>161,364,762</u>	<u>280,886,493</u>

The loans from the parent undertaking carries interest at market rates linked to LIBOR subject to a cap equal to the amount of net income receivable, and is repayable on demand.

The other loans from group companies, outstanding at at 31 December 2004, carried interest at a rate linked to an issue of debentures by another group company, and were repaid during the year.

The loan from a fellow subsidiary undertaking outstanding at 31 December 2005, carries interest at 10%, subject to certain caps, and is repayable on demand.

10. CREDITORS: Amounts falling due after more than one year

	31 December 2005 £	31 December 2004 £
Loan from fellow subsidiary undertaking	<u>—</u>	<u>170,180,006</u>

The loan from a fellow subsidiary undertaking carried interest at a rate linked to an issue of publicly quoted debentures by a subsidiary of Canary Wharf Group plc and was repaid during the year.

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

11. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2005	31 December 2004
	£	£
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid:

	31 December 2005	31 December 2004
	£	£
100 Ordinary shares of £1 each	100	100

12. RESERVES

	Share Premium	Profit and loss account	Total
	£	£	£
At 1 January 2005	32,036,153	—	32,036,153
Profit for the year	—	103,500,000	103,500,000
Dividends	—	(103,500,000)	(103,500,000)
At 31 December 2005	32,036,153	—	32,036,153

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2005	31 December 2004
	£	£
Opening shareholders' funds - equity	32,036,253	100
Profit for the year	103,500,000	5,696,031
Dividends	(103,500,000)	(5,696,031)
Closing shareholders' funds - equity	32,036,253	100

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

14. RELATED PARTIES

The company's immediate parent undertaking is CWE SPV Super HCo Limited and its ultimate parent undertaking is Songbird Estates plc, both companies are registered in England and Wales.

As at 31 December 2005, Songbird Estates plc was the parent company of the largest group of which the company is a member and Canary Wharf Group plc was the parent undertaking of the smallest group of which the company is a member. Copies of the financial statements of Songbird Estates plc and 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.