

CWE SPV HCO LIMITED
Registered Number: 3123311

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD TO 31 DECEMBER 2004**



CWE SPV HCO LIMITED

FINANCIAL STATEMENTS

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CWE SPV HCO LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004

The directors present their report with the audited financial statements for the period ended 31 December 2004.

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.

The company has changed its accounting reference date from 30 June to 31 December to be consistent with its ultimate parent undertaking.

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 period ended 31 December 2004 is set out on page 6. The company recorded a profit after tax of £5,696,031 (2004: profit of £21,603,575) and the directors recommend the payment of an interim dividend of £5,696,031 (2004: £21,603,575).

DIRECTORS

The directors of the company throughout the period ended 31 December 2004 were:

A P Anderson II
G Iacobescu
R Lyons

DIRECTORS' INTERESTS

The directors have been granted options to subscribe for ordinary class B shares in Songbird. All outstanding options to subscribe for ordinary shares in Canary Wharf Group plc as at 30 June 2004 were waived during the period in consideration for the granting of an award under The Canary Wharf 2004 Deferred Share Plan. Details of interests and options to subscribe for shares in Songbird are disclosed as appropriate in the financial statements of either of the intermediate parent companies, Canary Wharf Estate Limited or Canary Wharf Group plc.

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertakings or any of its subsidiaries at 31 December 2004 or at any time throughout the period then ended.

CWE SPV HCO LIMITED

THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2004

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 27 June 2005
A M Holland

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 period and of the results for the period 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

We have audited the financial statements of CWE SPV HCo Limited for the period ended 31 December 2004 which comprise the Profit and Loss Account, 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 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

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 and consider the implications for our report if we become aware of any apparent misstatements.

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 circumstances of the company, consistently applied and adequately disclosed.

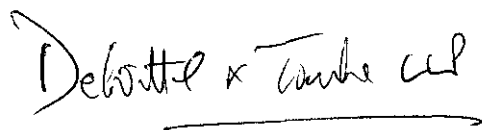
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

CWE SPV HCO LIMITED

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion the financial statements give a true and fair view of the company's affairs as at 31 December 2004 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read "Deloitte & Touche LLP", is written over a horizontal line.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

27 June 2005

CWE SPV HCO LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2004

	Note	Period ended 31 December 2004 £	Year ended 30 June 2004 £
OPERATING PROFIT	2	—	—
Income from shares in group undertakings	7	12,158,390	36,783,400
Interest receivable and similar income	3	5,744,568	7,899,694
Interest payable and similar charges	4	(12,206,927)	(23,079,519)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,696,031	21,603,575
Tax on profit on ordinary activities	5	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,696,031	21,603,575
Dividends	6	(5,696,031)	(21,603,575)
RETAINED PROFIT FOR THE FINANCIAL PERIOD 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 period ended 31 December 2004 or the year ended 30 June 2004 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.

CWE SPV HCO LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2004**

		31 December 2004 £	30 June 2004 £
	Note		
FIXED ASSETS			
Investments	7	<u>196,537,824</u>	<u>196,537,824</u>
CURRENT ASSETS			
Debtors	8	286,564,783	268,661,825
Cash in hand		<u>145</u>	<u>145</u>
		286,564,928	268,661,970
CREDITORS: Amounts falling due within one year	9	<u>(280,886,493)</u>	<u>(257,785,015)</u>
NET CURRENT ASSETS		<u>5,678,435</u>	<u>10,876,955</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>202,216,259</u>	<u>207,414,779</u>
CREDITORS: Amounts falling due after more than one year	10	<u>(170,180,006)</u>	<u>(175,378,526)</u>
NET ASSETS		<u><u>32,036,253</u></u>	<u><u>32,036,253</u></u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	100	100
Share premium account	12	<u>32,036,153</u>	<u>32,036,153</u>
SHAREHOLDERS' FUNDS - EQUITY	13	<u><u>32,036,253</u></u>	<u><u>32,036,253</u></u>

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

APPROVED BY THE BOARD ON 27 JUNE 2005 AND SIGNED ON ITS BEHALF BY:



R LYONS
DIRECTOR

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

1. PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period 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) 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, a body incorporated in the European Union 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 period.

No staff were employed by the company.

Auditors' remuneration has been borne by another group undertaking.

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Bank interest receivable	—	29
Interest receivable from group undertakings	5,744,568	7,899,665
	<u>5,744,568</u>	<u>7,899,694</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Interest payable to group undertakings	<u>12,206,927</u>	<u>23,079,519</u>

5. TAXATION

	Period ended 31 December 2004 £	Year ended 30 June 2004 £
Current tax:		
UK Corporation tax (see below)	<u>—</u>	<u>—</u>
Tax reconciliation:		
Profit on ordinary activities before tax	<u>5,696,031</u>	<u>21,603,575</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	1,708,809	6,481,072
Effects of:		
Items not chargeable to tax	(3,647,517)	(11,035,020)
Tax losses and other timing differences	<u>1,938,708</u>	<u>4,553,948</u>
Current tax charge for the period	<u>—</u>	<u>—</u>

No provision for taxation has been made in view of the tax loss for the period. 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 PERIOD ENDED 31 DECEMBER 2004

6. DIVIDENDS

	31 December 2004 £	30 June 2004 £
Interim dividend (£56,960 per share) (2004 - £216,036 per share)	<u>5,696,031</u>	<u>21,603,575</u>

7. INVESTMENTS

	Shares in Group Undertakings £
COST	
At 1 July 2004 and 31 December 2004	<u>196,537,824</u>
NET BOOK VALUE	
At 31 December 2004	<u>196,537,824</u>
At 30 June 2004	<u>196,537,824</u>

At 31 December 2004 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 £12,158,390 (2004: £36,783,400) were declared by the company's subsidiaries during the period ended 31 December 2004.

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).

The directors are of the opinion that the value of the company's investments at 31 December 2004 was not less than the amount shown in the company's balance sheet.

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

8. DEBTORS

	31 December 2004 £	30 June 2004 £
Amount owed by parent undertaking	184,247	184,247
Amount owed by subsidiary undertaking	51,881,034	39,722,644
Loans to subsidiary undertakings	229,255,392	223,510,824
Loan to fellow subsidiary undertaking	5,213,922	5,213,922
Amount owed by fellow subsidiary undertaking	30,188	30,188
	<u>286,564,783</u>	<u>268,661,825</u>

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

	31 December 2004 £	30 June 2004 £
Loan from parent undertaking	85,032,111	82,999,309
Loan from subsidiary undertaking	74,842,523	68,511,536
Loan from fellow subsidiary undertaking	49,417,156	45,453,223
Amount owed to parent undertaking	27,299,606	21,603,575
Amounts owed to subsidiary undertakings	16,843,438	16,843,438
Amounts owed to fellow subsidiary undertakings	27,451,659	22,373,934
	<u>280,886,493</u>	<u>257,785,015</u>

The loans from the parent undertaking and £1,403,888 (2004: £1,501,437) 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.

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

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

	31 December 2004 £	30 June 2004 £
Loan from fellow subsidiary undertaking	<u>170,180,006</u>	<u>175,378,526</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 CWG and is repayable in 2007.

11. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2004 £	30 June 2004 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	31 December 2004 £	30 June 2004 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. RESERVES

	Share Premium £	Profit and loss account £	Total £
At 1 July 2004	32,036,153	—	—
Profit for the period	—	5,696,031	5,696,031
Dividends	—	(5,696,031)	(5,696,031)
At 31 December 2004	<u>32,036,153</u>	<u>—</u>	<u>—</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' funds as at 1 July 2004	32,036,253
Shareholders' funds as at 31 December 2004	<u>32,036,253</u>

14. CAPITAL COMMITMENTS

As of 31 December 2004 the company had given fixed and floating charges over substantially all its assets to secure the commitments of certain other group undertakings.

CWE SPV HCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2004

15. 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 2004, 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.