

CWE SPV HCO LIMITED

Registered number: 3123311

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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CWE SPV HCO LIMITED

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CWE SPV HCO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

The directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

This Strategic Report has been prepared for the company and not for the group of which it is a member and therefore focuses only on matters which are significant to the company.

BUSINESS MODEL

The company's immediate parent undertaking is CWE SPV Super HCo Limited.

Until 5 February 2015, Canary Wharf Group Investment Holdings plc (formerly Songbird Estates plc) was the company's ultimate parent undertaking.

On 4 December 2014, Stork Holdings Limited, an entity jointly owned by Qatar Investment Authority and Brookfield Property Partners LP announced the terms of a final cash offer for the acquisition of the entire issued and to be issued ordinary share capital of Songbird Estates plc at £3.50 per ordinary share. The offer became wholly unconditional on 5 February 2015. Having obtained more than 90.0% of the issued share capital, Stork Holdings Limited then announced a compulsory acquisition of the remaining Canary Wharf Group Investment Holdings plc shares in respect of which acceptances of the offer had not been received.

The offer becoming unconditional triggered a mandatory cash offer for the issued and to be issued ordinary share capital of the company at a price of £6.45 per share and the subsequent compulsory acquisition process of the company's shares in respect of which acceptances of the offer had not been received.

The compulsory purchase periods lasted until 17 April 2015, at which time the shares were compulsorily purchased on the same terms as the original offers.

The company is an investment holding company.

BUSINESS REVIEW

As shown in the company's Income Statement, the company's profit after tax for the year was £NIL (2014 - £NIL).

The Statement of Financial Position shows the company's financial position at the year end and indicates that net assets were £32,036,253 (2014 - £32,036,253).

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties facing the business are monitored through continuous assessment, regular formal quarterly reviews and discussion at the Canary Wharf Group Investment Holdings plc audit committee and board. Such discussion focuses on the risks identified as part of the system of internal control which highlights key risks faced by the company and allocates specific day to day monitoring and control responsibilities to management. As a member of Canary Wharf Group, the current key risks of the company include the cyclical nature of the property market, concentration risk and financing risk.

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2015
Cyclical Nature of the Property Market**

The valuation of the group's assets is subject to many external economic and market factors. Following the turmoil in the financial markets and uncertainty in the Eurozone experienced in recent years, the London real estate market has had to cope with fluctuations in demand. The market has, however, previously been assisted by the continuing presence of overseas investors attracted by the relative transparency of the real estate market in London which has been viewed as both stable and secure. The market has also been underpinned by demand for sites capable of incorporating residential development. Recent Government announcements have, however, contributed to a slowing of residential land prices and there is uncertainty over the full impact of the changes to stamp duty on the residential property market. Most significantly of all, the full implications of the results of the EU referendum held on 23 June 2016, which resulted in a vote to leave the EU, are also not yet clear. In the meantime, there is likely to be significant uncertainty which will undermine confidence across the whole real estate sector.

Changes in financial and property markets are kept under constant review so that the Group can react appropriately and tailor the business plans of the Group accordingly.

Financing Risk

The broader economic cycle inevitably leads to movements in inflation, interest rates and bond yields. The company finances its operations largely through surplus cash and intercompany finance.

Concentration Risk

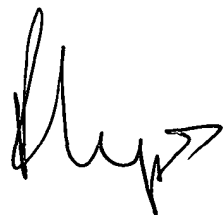
The majority of the Canary Wharf Group's real estate assets are currently located on or adjacent to the Canary Wharf Estate with a majority of tenants linked to the financial services industry. Wherever possible steps are taken to mitigate or avoid material consequences arising from this concentration and to diversify the tenant base.

The principal risks facing the Canary Wharf Group are discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

FINANCIAL KEY PERFORMANCE INDICATORS

The Canary Wharf Group (comprising Canary Wharf Group plc and its subsidiaries) manages its operations on a unified basis. For this reason, the company's directors believe that key performance indicators specific to the company are not necessary or appropriate for an understanding of the development, performance or position of its business. The performance of the Canary Wharf Group, which includes the company, is discussed in the Annual Report of Canary Wharf Group plc, which does not form part of this report.

This report was approved by the board on 17 August 2016 and signed on its behalf.



R J J Lyons
Director

CWE SPV HCO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £NIL (2014 - £NIL).

No dividends have been paid or proposed in the year (2014 - £NIL).

DIRECTORS

The directors who served during the year were:

A P Anderson II
Sir George Iacobescu CBE
R J J Lyons

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2015 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

FUTURE DEVELOPMENTS

There have been no significant events since the balance sheet date.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies together with the principal risks and uncertainties of the company are contained within the Strategic Report.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 17 August 2016 and signed on its behalf.



J R Garwood
Secretary

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S 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 2015, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

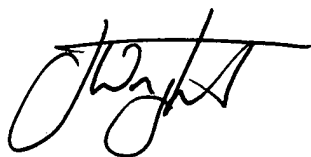
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CWE SPV HCO LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Wright FCA (Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Chartered Accountant and Statutory Auditor
London, UK

17 August 2016

CWE SPV HCO LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Income from shares in group companies	8	1,270,000	300,000
Movement in provision against investments	8	146,171	277,144
Interest payable and similar charges	6	(1,416,171)	(577,144)
PROFIT BEFORE TAX		-	-
Tax on profit	7	-	-
PROFIT FOR THE YEAR		-	-
OTHER COMPREHENSIVE INCOME NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

The notes on pages 10 to 15 form part of these financial statements.

CWE SPV HCO LIMITED
REGISTERED NUMBER: 3123311

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
FIXED ASSETS			
Investments	8	171,100,626	170,954,455
		<u>171,100,626</u>	<u>170,954,455</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	1	1
		<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	10	(139,064,374)	(138,918,203)
NET CURRENT LIABILITIES		<u>(139,064,373)</u>	<u>(138,918,202)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		32,036,253	32,036,253
NET ASSETS		<u>32,036,253</u>	<u>32,036,253</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Share premium account		32,036,153	32,036,153
		<u>32,036,253</u>	<u>32,036,253</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 August 2016.



R J J Lyons
Director

The notes on pages 10 to 15 form part of these financial statements.

CWE SPV HCO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Share premium £	Total equity £
At 1 January 2015	100	32,036,153	32,036,253
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
AT 31 DECEMBER 2015	<u>100</u>	<u>32,036,153</u>	<u>32,036,253</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Share premium £	Total equity £
At 1 January 2014	100	32,036,153	32,036,253
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-
AT 31 DECEMBER 2014	<u>100</u>	<u>32,036,153</u>	<u>32,036,253</u>

The notes on pages 10 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. GENERAL INFORMATION

CWE SPV HCO Limited is an English Limited Company registered at One Canada Square, Canary Wharf, London, E14 5AB.

The nature of the company's operations and its principal activities are set out in the Strategic Report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland").

Information on the impact of first-time adoption of FRS 102 is given in Note 13.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 3).

The principal accounting policies are summarised below.

2.2 Going concern

At the year end, the company is in a net asset position, but has net current liabilities. Included in this are group creditors of £139,064,374, which to the extent that the company cannot pay, will not be called in for at least a period of 12 months from the signing date of the financial statements.

In addition, as a member of the Canary Wharf Group, the company has access to considerable resources.

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash flow statement

The company has taken the exemption from preparing the cash flow statement under Section 1.12(b) as it is a member of a group where the parent of the group prepares publicly available consolidated accounts which are intended to give a true and fair view.

2.4 Investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Income from investments is recognised as the company becomes entitled to receive payment. Dividend income from investments in companies is recognised when received or irrevocably declared.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES (continued)

2.5 Financial instruments

Trade and other receivables

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

Trade and other payables

Trade and other creditors are stated at cost.

Borrowings

Loans payable are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans payable are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

2.6 Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Impairment of investments

Provisions for impairments have been made against the company's subsidiaries. In assessing an appropriate carrying value the directors have valued each subsidiary at its net asset value, as adjusted for material differences between the fair value and carrying value of its assets and liabilities.

4. AUDITOR'S REMUNERATION

Auditor's remuneration of £800 (2014 - £800) for the audit of the company has been borne by another group undertaking.

5. EMPLOYEES

The company has no employees other than the directors, who did not receive any remuneration (2014 - £NIL).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £	2014 £
Loans from group undertakings	1,416,171	577,144
	<u>1,416,171</u>	<u>577,144</u>

7. TAXATION

	2015 £	2014 £
Current tax on profits for the year	-	-
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>-</u>	<u>-</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

No charge for taxation has been made since the company recorded neither a profit or a loss, for tax purposes, for the year.

8. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2015	196,537,821
At 31 December 2015	<u>196,537,821</u>
IMPAIRMENT	
At 1 January 2015	25,583,366
Reversal of impairment losses	(146,171)
At 31 December 2015	<u>25,437,195</u>
NET BOOK VALUE	
At 31 December 2015	<u>171,100,626</u>
At 31 December 2014	<u>170,954,455</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. FIXED ASSET INVESTMENTS (continued)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Canary Wharf Investments (Two) Limited	England & Wales	Ordinary £1 shares	100 %	Investment holding
Canary Wharf Investments (Three)	England & Wales	Indirectly held	100 %	Property investment
Canary Wharf Investments (Four) Limited	England & Wales	Ordinary £1 shares	100 %	Property investment
CWE SPVb Limited	England & Wales	Ordinary £1 shares	100 %	Dormant
CWE SPVc Limited	England & Wales	Ordinary £1 shares	100 %	Property investment
CWE SPVe Limited	England & Wales	Ordinary £1 shares	100 %	Dormant
CWE SPVf Limited	England & Wales	Ordinary £1 shares	100 %	Property investment
CWE SPVg Limited	England & Wales	Ordinary £1 shares	100 %	Property investment
First Tower T1 Ltd	England & Wales	Ordinary £1 & \$1 shares	100 %	Dormant
First Tower T2 Ltd	England & Wales	Ordinary £1 & \$1 shares	100 %	Dormant
First Tower GP (1) Ltd	England & Wales	Ordinary £1 & \$1 shares	100 %	General partner
First Tower GP (2) Ltd	England & Wales	Ordinary £1 & \$1 shares	100 %	General partner
First Tower Limited Partnership	England & Wales	Indirectly held	0.1 %	Property investment

Dividends totalling £1,270,000 (2014 - £300,000) were paid by the company's subsidiaries during the year ended 31 December 2015.

At 31 December 2015, an assessment of the net realisable value of the company's investment in Canary Wharf Investments (Four) Limited has resulted in a provision for impairment of £25,437,195 (2014 - £25,583,366). The release in the provision of £146,171 (2014 - £277,144) has been taken to the income statement.

In accordance with Section 400 of the Companies Act 2006, 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 12).

The directors are of the opinion that the value of the company's investments at 31 December 2015 was not less than the amount shown in the company's balance sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. FIXED ASSET INVESTMENTS (continued)

9. DEBTORS

	2015 £	2014 £
Amounts owed by group undertakings	1	1
	<u>1</u>	<u>1</u>

Amounts owed by group undertakings are interest free and repayable on demand.

10. CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	139,064,374	138,918,203
	<u>139,064,374</u>	<u>138,918,203</u>

Amounts owed to group undertakings consists of the following:

	2015 £	2014 £
Amounts owed to fellow subsidiary undertakings	134	134
Loan from fellow subsidiary undertaking	139,064,240	138,918,069
	<u>139,064,374</u>	<u>138,918,203</u>

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

Other amounts owed to group undertakings are interest free and repayable on demand.

11. SHARE CAPITAL

	2015 £	2014 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. CONTROLLING PARTY

The company's immediate parent undertaking is CWE SPV Super HCo Limited.

As at 31 December 2015, the smallest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Canary Wharf Group Investment Holdings plc. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Stork HoldCo LP, an entity registered in Bermuda and the ultimate parent undertaking and controlling party.

Stork HoldCo LP is controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.

The directors have taken advantage of the exemption in paragraph 33.1A of FRS 102 allowing the company not to disclose related party transactions with respect to other group companies.

13. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.