

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2001**



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**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001**

The directors present herewith the audited financial statements for the year ended 30 June 2001.

**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 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 2001 is set out on page 6. During the year the company recorded a profit on ordinary activities before taxation of £14,402,591 (2000:£11,885,958). The directors recommend the payment of a dividend of £14,402,591 (2000:£11,885,958).

**DIRECTORS**

The directors of the company during the year ended 30 June 2001 were:

A P Anderson II  
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 are disclosed in the financial statements of either Canary Wharf Holdings Limited, an intermediate parent company, or CWG, as appropriate.

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 2001 or at any time throughout the year then ended.

**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.

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2001**

BY ORDER OF THE BOARD



J R Garwood

..... Company Secretary

31 October 2001

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

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

Company Law requires the directors 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 SHAREHOLDERS OF CWE SPV HCo LIMITED**

We have audited the financial statements of CWE SPV HCo Limited for the year ended 30 June 2001 which comprise the primary financial statements, such as the Profit and Loss Account and the Balance Sheet, and the related Notes numbered 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

### **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 are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 within it.

### **Basis of 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.

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company at 30 June 2001 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
**Chartered Accountants and Registered Auditors**

180 Strand  
London  
WC2R 1BL

31 October 2001

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001**

|  | Notes | Year Ended<br>30 June<br>2001 | Year Ended<br>30 June<br>2000 |
|--|-------|-------------------------------|-------------------------------|
|  |       | £                             | £                             |
| Income from shares in group undertakings |       | 26,200,506                    | 23,374,574                    |
| Interest receivable                      | 3     | 6,084,857                     | 5,791,146                     |
| Interest payable and similar charges     | 4     | (17,882,772)                  | (17,279,762)                  |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>     | 12    | 14,402,591                    | 11,885,958                    |
| Dividends                                | 6     | (14,402,591)                  | (11,885,958)                  |
| <b>RETAINED PROFIT FOR THE YEAR</b>      | 13    | -                             | -                             |

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

All amounts relate to continuing activities.

There were no recognised gains or losses for the year ended 30 June 2001 or the year ended 30 June 2000 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 2001

|  | Notes | 30 June<br>2001<br>£ | 30 June<br>2000<br>£ |
|--|-------|----------------------|----------------------|
| <b>FIXED ASSETS</b>  |       |                      |                      |
| Investments  | 7     | 196,537,824          | 196,537,824          |
| <b>CURRENT ASSETS</b>  |       |                      |                      |
| Debtors  | 8     | 150,597,171          | 123,845,341          |
| Cash at bank and in hand                                       |       | 36,347               | 35,233               |
|  |       | 150,633,518          | 123,880,574          |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>          | 9     | (130,586,629)        | (99,091,426)         |
| <b>NET CURRENT ASSETS</b>                                      |       | 20,046,889           | 24,789,148           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | 216,584,713          | 221,326,972          |
| <b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b> | 10    | (180,266,948)        | (185,009,207)        |
| <b>NET ASSETS</b>  |       | 36,317,765           | 36,317,765           |
| <b>CAPITAL AND RESERVES</b>                                    |       |                      |                      |
| Called-up share capital  | 11    | 100                  | 100                  |
| Share premium account  | 12    | 32,036,153           | 32,036,153           |
| Profit and loss account  | 12    | 4,281,512            | 4,281,512            |
| <b>SHAREHOLDERS' FUNDS - EQUITY</b>                            | 13    | 36,317,765           | 36,317,765           |

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

APPROVED BY THE BOARD ON 31 OCTOBER 2001 AND SIGNED ON ITS BEHALF BY:



A.P. ANDERSON II  
DIRECTOR

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

### 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 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 is included in the financial statements of CWG.

#### Income from investments

Investment income comprises dividends declared during the accounting period and interest receivable on investments.

#### Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the company's balance sheet 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

## 3 INTEREST RECEIVABLE

|   | Year Ended<br>30 June<br>2001 | Year Ended<br>30 June<br>2000 |
|---|-------------------------------|-------------------------------|
|   | £                             | £                             |
| Interest receivable from group undertakings | 6,083,766                     | 5,790,183                     |
| Bank interest receivable                    | 1,091                         | 963                           |
|   | <u>6,084,857</u>              | <u>5,791,146</u>              |

## 4 INTEREST PAYABLE AND SIMILAR CHARGES

|  | Year Ended<br>30 June<br>2001 | Year Ended<br>30 June<br>2000 |
|--|-------------------------------|-------------------------------|
|  | £                             | £                             |
| Interest payable to group undertakings | 17,882,772                    | 17,279,762                    |
|  | <u>17,882,772</u>             | <u>17,279,762</u>             |

## 5 TAXATION

No provision in respect of corporation tax has been made since the company has no profits chargeable to corporation tax.

There is no unprovided deferred taxation.

## 6 DIVIDENDS

|   | Year Ended<br>30 June<br>2001 | Year Ended<br>30 June<br>2000 |
|---|-------------------------------|-------------------------------|
|   | £                             | £                             |
| Ordinary dividends (£144,025.91 per share) (2000 - £118,859.58 per share) | 14,402,591                    | 11,885,958                    |
|   | <u>14,402,591</u>             | <u>11,885,958</u>             |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

## 7 INVESTMENTS

|                                     | Shares in<br>Group<br>Undertakings |
|-------------------------------------|------------------------------------|
|                                     | £                                  |
| <b>Net Book Value</b>               |                                    |
| At 30 June 2000 and at 30 June 2001 | <u>196,537,824</u>                 |

At 30 June 2001 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 £1 shares                | Property investment         |
| Canary Wharf Investments (Four) Limited | Ordinary £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 14).

The directors are of the opinion that the value of the company's investments at 30 June 2001 was not less than the amount shown in the company's balance sheet.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

## 8 DEBTORS

|  | 30 June<br>2001    | 30 June<br>2000    |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Loans to fellow subsidiary undertakings        | -                  | 2,789,923          |
| Loans to subsidiary undertakings               | 121,009,979        | 117,350,212        |
| Amounts owed by fellow subsidiary undertakings | 26,096,444         | 214,435            |
| Amounts owed by subsidiary undertakings        | 3,490,646          | 3,490,646          |
| Prepayments and accrued income                 | 102                | 125                |
|  | <u>150,597,171</u> | <u>123,845,341</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<br>2001    | 30 June<br>2000   |
|--|--------------------|-------------------|
|  | £                  | £                 |
| Loans owed to parent undertaking               | 44,113,273         | 28,391,913        |
| Loans from fellow subsidiary undertakings      | 16,681,522         | 12,836,906        |
| Loans from subsidiary undertakings             | 35,381,951         | 23,134,228        |
| Amounts owed to fellow subsidiary undertakings | 17,572,707         | 17,572,707        |
| Amounts owed to subsidiary undertakings        | 16,837,176         | 17,155,672        |
|  | <u>130,586,629</u> | <u>99,091,426</u> |

The loans from the parent undertaking and £1,919,746 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 2001

## 10 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

|  | 30 June<br>2001    | 30 June<br>2000    |
|--|--------------------|--------------------|
|  | £                  | £                  |
| Loan owed to fellow subsidiary undertaking | 180,266,948        | 185,009,207        |
|  | <u>180,266,948</u> | <u>185,009,207</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<br>2001 | 30 June<br>2000 |
|------------------------------------|-----------------|-----------------|
|                                    | £               | £               |
| Equity Shares                      |                 |                 |
| Ordinary shares of £1 each         |                 |                 |
| Authorised                         | 100             | 100             |
| Allotted, called-up and fully paid | <u>100</u>      | <u>100</u>      |

## 12 RESERVES

|                               | Share<br>Premium<br>Account | Profit<br>and Loss<br>Account | Total             |
|-------------------------------|-----------------------------|-------------------------------|-------------------|
|                               | £                           | £                             | £                 |
| At 1 July 2000                | 32,036,153                  | 4,281,512                     | 36,317,665        |
| Profit for the financial year | -                           | 14,402,591                    | 14,402,591        |
| Dividend                      | -                           | (14,402,591)                  | (14,402,591)      |
| At 30 June 2001               | <u>32,036,153</u>           | <u>4,281,512</u>              | <u>36,317,665</u> |

## 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|  | £                 |
|--|-------------------|
| Shareholders' funds as at 1 July 2000  | 36,317,765        |
| Profit for the financial year          | 14,402,591        |
| Dividend                               | (14,402,591)      |
| Shareholders' funds as at 30 June 2001 | <u>36,317,765</u> |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001**

**14 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 is Canary Wharf Group plc, a company registered in England and Wales.

Copies of the consolidated financial statements of Canary Wharf Group plc 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.