

CWE SPVc LIMITED
(formerly Logangreen Limited)

Registered Number: 3123343

DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD FROM INCORPORATION
ON 7 NOVEMBER 1995 TO 30 JUNE 1996



DIRECTORS' REPORT FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996

The directors present herewith the audited accounts for the period from incorporation on 7 November 1995 to 30 June 1996.

INCORPORATION AND NAME CHANGE

The company was incorporated on 7 November 1995. On 22 December 1995 the company changed its name to CWE SPVc Limited

ULTIMATE PARENT UNDERTAKING

On 22 December 1995 the company became a subsidiary of the Canary Wharf Group comprising Canary Wharf Holdings Limited (CWHL) and its subsidiaries (together, the CWHL Group). Its immediate parent undertaking is CWE SPV HCo Limited and the company's ultimate UK parent undertaking is CWI Holdings plc. The company's ultimate parent undertaking is C.W. Investments Limited Partnership, a Cayman Islands undertaking.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is property investment. At present this activity is concentrated on the Canary Wharf development in London's Docklands.

On 22 December 1995, the company acquired a long leasehold interest in the Canary Wharf Tower, subject to and with the benefit of certain subsisting occupational leases. The company recorded an operating profit for the period ended 30 June 1996 of £14,481. After administrative expenses and interest payable, its profit on ordinary activities for the period was £4,360.

SHARE CAPITAL

During the period 1 ordinary share of £1 was issued for cash at par value, being the initial share capital of the company. Details of the company's share capital are shown in Note 9 to the accounts.

DIVIDENDS AND RESERVES

The profit and loss account for the period is set out on page 5. The directors do not recommend the payment of a dividend and the retained profit of £4,360 is to be transferred to reserves.

DIRECTORS

The directors of the company during the period ended 30 June 1996 were:

A P Anderson	(appointed 22 December 1995)
G Iacobescu	(appointed 6 February 1996)
G Rothman	(appointed 6 February 1996)
C Young	(appointed 1 April 1996)

M E Richards and P J Charlton, appointed on incorporation, resigned on 22 December 1995.

**DIRECTORS' REPORT FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996
(CONTINUED)**

DIRECTORS' INTERESTS

No director had any beneficial interest in the shares of the company, CWI Holdings plc or in any of its United Kingdom subsidiaries at 30 June 1996 or at any time during the period.

POLICY ON PAYMENT OF CREDITORS


In respect of the company's suppliers it is the company's policy to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment; and
- abide by the terms of payment.

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.

BY ORDER OF THE BOARD


.....) Company Secretary
M D Precious

19 December 1996

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

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required by the Companies Act 1985 to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the results of the company for the period then ended. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have a general responsibility 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.

**AUDITORS' REPORT TO THE MEMBERS OF
CWE SPVc LIMITED**

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention, as modified by the revaluation of investment property interests, and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1996 and of its profit for the period from incorporation on 7 November 1995 to 30 June 1996 and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants
and Registered Auditors
1 Surrey Street
London WC2R 2PS

19 December 1996

CWE SPVc LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 1996**

	Notes	Period ended 30 June 1996 £
TURNOVER		1,177,787
Cost of sales		(1,163,306)
OPERATING PROFIT - continuing operations		14,481
Administrative expenses		(2,887)
Interest payable to fellow subsidiary undertaking		(7,234)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3/4	4,360
Tax on profit on ordinary activities	5	-
PROFIT FOR THE FINANCIAL PERIOD	10	4,360

Movements on reserves are shown in Note 10 to the accounts.

The notes on pages 8 to 12 form part of these accounts.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 30 JUNE 1996

	Period ended 30 June 1996
	<u>£</u>
Profit for the financial period	4,360
Unrealised surplus on revaluation of properties	13,000
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE FINANCIAL PERIOD	<u><u>17,360</u></u>

The notes on pages 8 to 12 form part of these accounts.

CWE SPVc LIMITED**BALANCE SHEET AT 30 JUNE 1996**

	<u>Notes</u>	<u>30 June 1996 £</u>
FIXED ASSETS		
Tangible fixed assets	6	<u>240,000</u>
CURRENT ASSETS		
Debtors	7	<u>1,086,227</u>
		1,086,227
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(1,308,866)
NET CURRENT LIABILITIES		<u>(222,639)</u>
NET ASSETS		<u>17,361</u>
CAPITAL AND RESERVES		
Called up share capital	9	1
Revaluation reserve	10	13,000
Profit and loss account	10	<u>4,360</u>
		<u>17,361</u>

The notes on pages 8 to 12 form part of these accounts.

APPROVED BY THE BOARD ON 19 DECEMBER 1996 AND SIGNED ON ITS BEHALF BY:



GERALD ROTHMAN
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996

1 RESTRUCTURING OF THE GROUP AND BASIS OF PREPARATION

On 22 December 1995 the company became a member of the CWHL Group. On 27 December 1995 arrangements were finalised for the sale of the CWHL Group to CWI Holdings plc. These arrangements included the following:

- (1) The injection of share capital totalling £405 million by way of a subscription for preferred redeemable shares in the company's parent, CWHL.
- (2) The provision to CWHL of a new interim borrowing facility in the principal amount of £220 million (the Bridge Loan) for the purposes of repaying in part certain existing indebtedness of the CWHL Group, as well as providing working capital to the companies in the CWHL Group. On 27 December 1995 £130 million was drawn down from this facility and a further £35 million was drawn down during the six months to 30 June 1996. Subsequent to the year end, £42.7 million of the facility was cancelled following the arrangement of alternative facilities. The remaining facility of £12.3 million is available to draw down until 27 December 1996 at which date the facility reduces to £100 million. This residual facility is available, subject to certain conditions, for a term of up to four years. Earlier repayment on the basis of an agreed repayment schedule is triggered in the event of refinancings being put in place within the four year term. The Bridge Loan carries interest at a margin over LIBOR and is secured by:
 - (a) guarantees from the members of the CWHL Group (being all members of the CWHL Group other than the EIB Guarantors referred to in Note 1(4) below (the Bridge Loan Guarantors));
 - (b) a first ranking fixed charge over the properties at Canary Wharf, other than those properties charged to European Investment Bank (EIB) (see Note 1(4) below) and those subject to the charge to London Underground Limited (LUL) in respect of the CWHL Group's contributions to the Jubilee Line Extension, which are subject to second ranking charges to secure the Bridge Loan;
 - (c) fixed charges over certain assets of the Bridge Loan Guarantors; and
 - (d) floating charges over all assets of the Bridge Loan Guarantors.
- (3) The early prepayment of certain elements of the CWHL Group's indebtedness as at 27 December 1995.
- (4) The amendment and restatement of existing facilities made available by EIB relating to the funding of the Docklands Light Railway and the Jubilee Line Extension in an aggregate amount of £188.7 million. The restated EIB debt was assumed by the company's immediate parent undertaking, CWE SPV HCo Limited (HCo) and its obligations thereunder were guaranteed, inter alia, by CWHL, by CWE SPV Super HCo Limited, the immediate parent company of HCo, and by HCo's subsidiaries (together 'the EIB Guarantors'). The restated EIB debt carries a stepped coupon, equivalent to 7%, and is secured by first ranking charges over certain specified properties within the Canary Wharf development, over the subsidiaries within the CWHL Group holding these interests (including the

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)

1 RESTRUCTURING OF THE GROUP AND BASIS OF PREPARATION (Continued)

company) and by second ranking fixed and floating charges over the other assets of the CWHL Group.

- (5) As a condition of providing the new borrowing facility referred to in (2) and the amendment and restatement of the existing EIB loans referred to in (4), the CWHL Group's property interests were restructured in order to ring fence the security available to the respective lenders. This restructuring entailed the acquisition by the company of a leasehold property interest in one of the properties at Canary Wharf.

The company has guaranteed the borrowings of HCo, and has provided security over its assets to the CWHL Group's lenders. Amongst the guaranteed obligations is a facility which is required to be reduced to a specified level by 27 December 1996. CWHL is in the process of refinancing so as to do so. The directors consider it appropriate for the company's accounts to be prepared on the going concern basis.

2 PRINCIPAL ACCOUNTING POLICIES

A summary of the principal accounting policies of the company, all of which have been applied consistently throughout the period, is set out below.

(1) Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment property interests, and in accordance with applicable accounting standards.

In accordance with the provisions of Financial Reporting Standard (FRS) 1, 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 will be included in the accounts of CWHL.

(2) Tangible fixed assets

Tangible fixed assets, comprising leasehold investment properties, are revalued annually in accordance with SSAP 19. No provision has been made for depreciation of investment properties and this departure from the requirements of the Companies Act 1985, which requires all properties to be depreciated, is, in the opinion of the directors, necessary for the accounts to show a true and fair view in accordance with applicable accounting standards. Depreciation is only one of the factors reflected in the annual valuation and the amount attributable to this factor is not capable of being separately identified or quantified. Surpluses or deficits are transferred to the revaluation reserve unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account.

(3) Turnover

Turnover represents rents receivable and management fees which are recognised in the profit and loss account in the period in which they become due.

NOTES TO THE ACCOUNTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996
(CONTINUED)**3 PROFIT ON ORDINARY ACTIVITIES**

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

Auditors' remuneration has been borne by another CWHL Group undertaking.

4 EMPLOYEE INFORMATION

Staff costs of the employees of the company were:

	Period ended 30 June 1996
	£
Wages and salaries	62,679
Social Security costs	5,743
Other pension costs (Note 12)	2,824
	<u>71,246</u>

The average number of employees, including directors, of the company during the period to 30 June 1996 was 14.

5 TAXATION

No charge for taxation has been made since the profit for the period will be covered by group relief expected to be available for surrender by other companies within the CWHL Group. No charge will be made by other group companies for the surrender of group relief.

There is no unprovided deferred taxation. The CWHL Group has substantial tax losses which may impact the company's future tax charge.

6 TANGIBLE FIXED ASSETS

Tangible fixed assets comprise a leasehold property interest, subject to and with the benefit of certain occupational leases.

Valuation:

	£
Acquired 22 December 1995	<u>227,000</u>
Revaluation	<u>13,000</u>
Balance at 30 June 1996	<u>240,000</u>
Historical cost:	<u>227,000</u>

The company acquired its leasehold property interest from a fellow subsidiary on 22 December 1995. The revaluation of the company's investment properties to open market value was undertaken by the directors, having had regard to the results of valuations of the superior lessor's interest held by a fellow Group undertaking which was valued as at 22 December 1995 and 5 September 1996 by external valuers, Jones Lang Wootton,

NOTES TO THE ACCOUNTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996
(CONTINUED)

6 TANGIBLE FIXED ASSETS (Continued)

Chartered Surveyors. No allowance has been made for any expenses of realisation nor for any taxation which might arise in the event of disposal.

7 DEBTORS

	30 June 1996
	£
Amounts due from parent undertaking	1
Amounts due from fellow subsidiary undertakings	1,085,341
Prepayments and accrued income	885
	<u>1,086,227</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1996
	£
Amounts due to fellow subsidiary undertaking - current account	1,074,060
Amounts due to fellow subsidiary undertaking - loan	234,234
Other creditors	197
Accruals and deferred income	375
	<u>1,308,866</u>

The loan from a fellow subsidiary undertaking carries interest at a rate linked to LIBOR and is repayable on demand.

9 CALLED UP SHARE CAPITAL

	30 June 1996
	£
Ordinary shares of £1 each:	
Authorised	<u>100</u>
Issued, allotted and fully paid	<u>1</u>

10 RESERVES

	Revaluation reserve	Profit & Loss	Total
	£	£	£
Revaluation	13,000	-	13,000
Profit for the financial period	-	4,360	4,360
As at 30 June 1996	<u>13,000</u>	<u>4,360</u>	<u>17,360</u>

**NOTES TO THE ACCOUNTS FOR THE PERIOD FROM INCORPORATION TO 30 JUNE 1996
(CONTINUED)****11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	£
Issue of share capital	1
Revaluation	13,000
Profit for the financial period	4,360
At 30 June 1996	<u>17,361</u>

12 COMPANY PENSION SCHEME

Certain employees of the company are members of a defined contribution pension scheme operated by its fellow subsidiary undertaking, Canary Wharf Management Limited. The assets of this scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund amounting to £2,824 for the period.

13 FINANCIAL COMMITMENTS

As at 30 June 1996 the company had given a guarantee and fixed and floating charges to secure the borrowings referred to in Notes 1(2) and 1(4).

14 ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is HCo, a company registered in England. The company's ultimate parent undertaking until 27 December 1995 was SIL, a company controlled by certain of the lenders to the CWHL Group. Upon the sale by SIL on 27 December 1995 of its interest in the CWHL Group, the company's ultimate parent undertaking became C.W. Investments Limited Partnership, a Cayman Islands undertaking, and its ultimate UK parent became CWI Holdings plc.

The smallest group into which the accounts of the company are consolidated are the consolidated accounts of CWHL. Copies of the accounts of CWHL may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB. The largest group into which the accounts of the company will be consolidated will be the accounts of CWI Holdings plc. Copies of these accounts will be obtainable from the above address.