

CWE SPVH LIMITED
Registered Number: 3123281

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006



CWE SPVH LIMITED
FINANCIAL STATEMENTS

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CWE SPVH LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report with the audited financial statements for the year ended 31 December 2006. This report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Songbird Estates plc.

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

As shown in the company's profit and loss account, the company's profit after tax for the year was £58,901,403 (2005 £Nil).

The balance sheet shows the company's financial position at the year end and indicates that net assets were £8,001,406 (2005 £1). Details of amounts owed to group companies are shown in note 9.

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.

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

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 31 December 2006 is set out on page 6. Dividends of £50,899,998 (2005 £Nil) have been paid during the year and the retained profit of £8,001,405 (2005 profit of £Nil) has been transferred to reserves.

DIRECTORS

The directors of the company throughout the year ended 31 December 2006 were

A P Anderson II
G Iacobescu
R J J Lyons

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

DIRECTORS' INTERESTS

Details of directors' interests in and options to subscribe for ordinary class B shares in Songbird Estates plc 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 2006 or at any time throughout the year then ended.

CWE SPVH LIMITED

THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each director holding office at the date of this report has taken all the steps that he ought to have taken as a director in order to make himself aware of relevant audit information and to establish that the company's auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

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

4 September 2007

A M Holland

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

CWE SPVH LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 and then apply them consistently,
- make judgments and 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 proper accounting records that 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

CWE SPVH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CWE SPVH LIMITED

We have audited the financial statements of CWE SPVh Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 13. 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 might 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 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 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, 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 consider the implications for our report if we become aware of any apparent misstatements within it.

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 company's circumstances, consistently applied and adequately disclosed.

CWE SPVH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CWE SPVH 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 2006 and of its profit for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

4 September 2007

CWE SPVH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

		Year Ended 31 December 2006 £	Year Ended 31 December 2005 £
OPERATING PROFIT	2	–	–
Income from shares in group undertakings	7	89,399,998	–
Exceptional item			
Provision against investment	7	(30,498,595)	–
Interest receivable and similar income	3	562,343	1,212,269
Interest payable and similar charges	4	(562,343)	(1,212,269)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		58,901,403	–
Tax on profit on ordinary activities	5	–	–
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	11	58,901,403	–

Movements in reserves are shown in Note 11 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 2006 or the year ended 31 December 2005 other than those included in the profit and loss account

The notes on pages 8 to 12 form an integral part of these financial statements

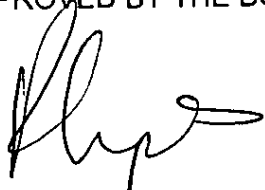
CWE SPVH LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	31 December 2006 £	31 December 2005 £
FIXED ASSETS			
Investments	7	<u>46,501,405</u>	<u>77,000,000</u>
CURRENT ASSETS			
Debtors	8	1	27,297,941
CREDITORS. Amounts falling due within one year	9	<u>(38,500,000)</u>	<u>(104,297,940)</u>
NET CURRENT LIABILITIES		<u>(38,499,999)</u>	<u>(76,999,999)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,001,406</u>	<u>1</u>
NET ASSETS		<u>8,001,406</u>	<u>1</u>
CAPITAL AND RESERVES			
Called-up share capital	10	1	1
Profit and loss account	11	<u>8,001,405</u>	<u>-</u>
SHAREHOLDERS' FUNDS	12	<u>8,001,406</u>	<u>1</u>

The notes on pages 8 to 12 form an integral part of these financial statements

APPROVED BY THE BOARD ON 4 SEPTEMBER 2007 AND SIGNED ON ITS BEHALF BY



R J J LYONS
DIRECTOR

CWE SPVH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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 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

Investments in subsidiary undertakings

The company's investment in subsidiary undertakings is stated at cost less any provision for impairment

Income from investments

Investment income comprises dividends received from the company's subsidiary undertakings during the accounting period

2. OPERATING PROFIT

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

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

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

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2006 £	Year Ended 31 December 2005 £
Interest receivable from group undertakings	562,343	1,212,269

CWE SPVH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2006 £	Year Ended 31 December 2005 £
Interest payable to group undertakings	<u>562,343</u>	<u>1,212,269</u>

5. TAXATION

	Year Ended 31 December 2006 £	Year Ended 31 December 2005 £
Current tax UK Corporation tax (see below)	<u>-</u>	<u>-</u>
Tax reconciliation Profit on ordinary activities before tax	<u>58,901,403</u>	<u>-</u>
Tax on profit on ordinary activities at UK corporation tax rate of 30%	17,670,420	-
Effects of Items not chargeable to tax	(26,819,999)	-
Expenses not deductible for tax purposes	<u>9,149,579</u>	<u>-</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

No charge for taxation has been made since the company recorded neither a profit or a loss, for tax purposes, for the year. It is anticipated that group relief and other reliefs will impact on future tax charges. There is no unprovided deferred taxation.

6. DIVIDENDS

	Year Ended 31 December 2006 £	Year Ended 31 December 2005 £
Dividends paid during the year (£50,899,998 per share)	<u>50,899,998</u>	<u>-</u>

CWE SPVH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

7. INVESTMENTS

	Shares in Group Undertakings
	£
COST	
At 1 January 2006 and 31 December 2006	<u>77,000,000</u>
PROVISION FOR IMPAIRMENT	
Provided during the year	<u>30,498,595</u>
At 31 December 2006	<u>30,498,595</u>
NET BOOK VALUE	
At 31 December 2006	<u>46,501,405</u>
At 31 December 2005	<u>77,000,000</u>

The company has invested in all of the redeemable preference shares issued by its fellow subsidiary undertaking, CWE SPVg Limited, a company registered in England and Wales. The principal activity of this company is property investment.

During the year, the company received dividends of £89,399,998 (2005 £nil). Following the dividend the minimum expected future return from the shares reduced to £46,501,405 and a provision for diminution in value of £30,498,595 has been taken to the profit and loss account and treated as an exceptional item. This did not give rise to deferred tax.

The directors are of the opinion that the value of the investment is not less than the amount shown in the company's balance sheet.

8 DEBTORS

	31 December 2006	31 December 2005
	£	£
Amount owed by parent undertaking	1	1
Loan to fellow subsidiary undertaking	–	27,297,940
	<u>1</u>	<u>27,297,941</u>

The loan to a group undertaking due within one year carried interest at a rate linked to LIBOR and was repaid during the year.

CWE SPVH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

9. CREDITORS. Amounts falling due within one year

	31 December 2006 £	31 December 2005 £
Loan from parent undertaking	–	101,998,999
Loan from fellow subsidiary undertaking	38,500,000	2,298,941
	<u>38,500,000</u>	<u>104,297,940</u>

The loans from the company's parent and fellow subsidiary undertakings are repayable on demand and bear interest at a rate linked to LIBOR, subject to a cap equal to the amount of net income receivable

10. CALLED-UP SHARE CAPITAL

Authorised share capital:

	31 December 2006 £	31 December 2005 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	31 December 2006 £	31 December 2005 £
1 Ordinary share of £1	<u>1</u>	<u>1</u>

11. RESERVES

	Profit and loss account £
At 1 January 2006	–
Profit for the year	58,901,403
Dividends	(50,899,998)
At 31 December 2006	<u>8,001,405</u>

CWE SPVH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2006	31 December 2005
	£	£
Opening shareholders' funds	1	1
Profit for the year	58,901,403	–
Dividends paid	(50,899,998)	–
Closing shareholders' funds	<u>8,001,406</u>	<u>1</u>

13. RELATED PARTIES

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

As at 31 December 2006, 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, 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.