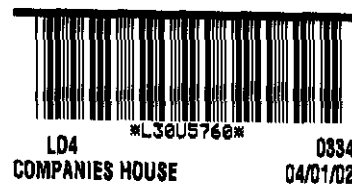


GREYCOAT TOWER LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 6 MARCH 2001



Company No. 3541862 (England and Wales)

GREYCOAT TOWER LIMITED

COMPANY INFORMATION

Directors

PA Thornton
CN Strickland
MA Poole
AM Craven

Secretary

NC Brown

Company Number

3541862

Registered Office

9 Savoy Street
London
WC2E 7EG

Auditors

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

GREYCOAT TOWER LIMITED

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GREYCOAT TOWER LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 6 MARCH 2001

The directors present their report together with the audited accounts for the period from 1 July 2000 to 6 March 2001.

Principal Activities and Review of Business

On 6 March 2001, the Company acquired a 4% limited partnership interest in The Tower Limited Partnership which is now the principal activity of the business.

This activity is expected to continue in the future.

Results and Dividends

The results for the period are set out in the profit and loss account on page 4.

The directors consider the state of the company's affairs to be satisfactory.

On 6 March 2001 an interim dividend of £1,266,123 was paid.

The directors do not recommend a final dividend.

Directors

The directors who served during the period were:

PA Thornton
C Strickland
MA Poole
AM Craven

None of the directors had any interest in the share capital of the company during the year. Messrs PA Thornton, C Strickland, MA Poole and AM Craven are also directors of Greycoat Estates Limited, which was the ultimate parent undertaking at 6 March 2001, in whose accounts their interests in the share capital of that company and other group undertakings are shown.

GREYCOAT TOWER LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 6 MARCH 2001

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these accounts the directors:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

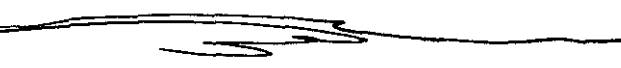
State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts 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 accounts 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.

Auditors

In accordance with section 386 Companies Act 1985, Ernst & Young will be deemed to be reappointed on the expiry of 28 days from the date on which the accounts are sent to members of the company.



NC Brown, Secretary
8 June 2001

AUDITORS' REPORT TO THE SHAREHOLDERS OF GREYCOAT TOWER LIMITED

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

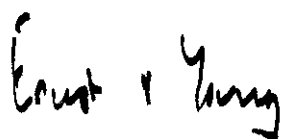
Basis of Opinion

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 judgments 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 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 the 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 6 March 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London
8 June 2001

GREYCOAT TOWER LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 6 MARCH 2001**

	Notes	1 July 2000 to 6 March 2001 £	1 April 1999 to 30 June 2000 £
Turnover	2	335,575	687,498
Administrative costs		(550)	-
Interest payable		(1,138)	-
Operating Profit		<u>333,887</u>	<u>687,498</u>
Profit on Ordinary Activities before Taxation		<u>333,887</u>	<u>687,498</u>
Tax on profit on ordinary activities	4	-	-
Profit for the period		<u>333,887</u>	<u>687,498</u>
Dividends	5	1,266,123	-
Result for the period		<u>(932,236)</u>	<u>687,498</u>

All amounts relate to continuing activities.

There were no recognised gains or losses for periods ended 6 March 2001 or 30 June 2000 other than those included in the profit and loss account.


The notes on pages 6 to 9 form part of these accounts.

GREYCOAT TOWER LIMITED

BALANCE SHEET

AS AT 6 MARCH 2001

	Notes	6 March 2001 £	30 June 2000 £
Investments	6	4,497,764	-
Current Assets			
Debtors	7	-	1,037,913
		<u>4,497,764</u>	<u>1,037,913</u>
Creditors: Amounts Falling Due Within One Year	8	4,497,762	105,675
Total Assets Less Current Liabilities		<u>2</u>	<u>932,238</u>
Capital and Reserves			
Share capital	9	2	2
Profit and loss account	10	-	932,236
Shareholders' Funds	11	<u>2</u>	<u>932,238</u>


MA Poole
Director

These accounts were approved by the board on 8 June 2001 and signed on its behalf.

The notes on pages 6 to 9 form part of these accounts.

GREYCOAT TOWER LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 6 MARCH 2001

1 Accounting Policies

Basis of Accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention with the exception of investment properties which are stated at revalued amounts under the alternative accounting rules, and comply with the Companies Act 1985.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that its results have been included in the consolidated accounts of its ultimate parent undertaking Greycoat Estates Limited.

Recognition of Income

Rental income is included in these accounts for the period up to the relevant quarter day as invoiced.

Proceeds from the sale of properties are included in the profit and loss account when a binding contract of sale exists provided that the sale is completed prior to the date of approval of the accounts.

Fees and commissions received for management and other property services are included in income as earned.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

GREYCOAT TOWER LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 6 MARCH 2001

3 Administration Expenses

Messrs PA Thornton, C Strickland, MA Poole and AM Craven are also directors of Greycoat Estates Limited which was the ultimate parent undertaking at 6 March 2001. Full details of their remuneration are disclosed in the accounts of Greycoat Estates Limited.

The directors do not believe that it is practicable to apportion these remunerations or the remunerations of the auditors between their services to the company and their services to the ultimate parent undertaking and fellow subsidiaries.

The directors are all paid by the ultimate parent undertaking and the auditors receive their remuneration from a fellow subsidiary undertaking.

4 Taxation

There is no tax charge for the year (2000: £nil). Group relief is used to eliminate any charge or loss in subsidiary undertakings.

5 Dividends

	Period Ended 6 March 2001 £	Period Ended 30 June 2000 £
Interim dividend paid	1,266,123	-

6 Investments

6 March 2001 £	30 June 2000 £
4,497,764	-

The investment relates to the acquisition of a 4% limited partnership interest in The Tower Limited Partnership on 6 March 2001.

7 Debtors

	6 March 2001 £	30 June 2000 £
Amounts owed by fellow subsidiary undertakings	-	976,912
Other debtors	-	61,001
	-	1,037,913

GREYCOAT TOWER LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 6 MARCH 2001

8 Creditors: Amounts Falling Due Within One Year

	6 March 2001 £	30 June 2000 £
Accruals and deferred income	-	11,600
Amounts due to Greycoat Management & Finance Limited	4,467,914	-
Other creditors	29,848	94,075
	<u>4,497,762</u>	<u>105,675</u>

9 Share Capital

	6 March 2001 £	30 June 2000 £
Authorised Equity Shares		
100 Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted Equity Shares		
2 Allotted, called up and fully paid ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

10 Reserves

	Profit and Loss Account
	£
At 31 March 1999	244,738
Profit for the period	687,498
	<u> </u>
At 30 June 2000	932,236
Profit the period	333,887
Dividends	(1,266,123)
	<u> </u>
At 6 March 2001	-
	<u> </u>

GREYCOAT TOWER LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 6 MARCH 2001

11 Reconciliation of Shareholders' Funds

	6 March 2001 £	30 June 2000 £
Profit for the period	333,887	687,498
Dividend	(1,266,123)	-
(Decrease)/Increase in shareholders' funds	(932,236)	687,498
Opening shareholders' funds	932,238	244,740
Closing shareholders' funds	2	932,238

12 Related Parties

The company's immediate and ultimate parent undertaking and controlling party at 6 March 2001 is Greycoat Estates Limited, registered in England and Wales, and copies of its accounts are available from 9 Savoy Street, London WC2E 7EG.

The company has taken advantage of the exemption available to it not to disclose transactions with other group undertakings which are at least 90% owned directly or indirectly by the ultimate parent undertaking.