

TERRACE GP HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**



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TERRACE GP HOLDINGS LIMITED

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TERRACE GP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

The directors present their report and the audited financial statements for the year ended 31 March 2013

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

PRINCIPAL ACTIVITIES

Terrace GP Holdings Limited owns a 50% joint venture interest in Telereal General Property Holdings Limited and also owns 100% of the ordinary shares in Terrace GP LP Limited, a limited partner in Telereal General Property Limited Partnership, which acquired and holds an interest in the general purpose property estate occupied by British Telecommunications PLC ("BT")

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were

Adam Dakin
Graham Edwards
Warren Persky
Barry Shaw
Russell Gurnhill

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Qualifying third party indemnity provisions, commonly known as Directors and Officers insurance (as defined by section 234 of the Companies Act 2006), in relation to certain losses and liabilities which the directors may incur (or have incurred) to third parties in the course of their professional duties, were in force for the directors for their periods of directorship and at the date of this report

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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.

TERRACE GP HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2013**

DISCLOSURE OF INFORMATION TO AUDITORS

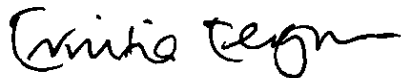
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are 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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

This report was approved by the board on

15 OCT 2013

and signed on its behalf



Ernitia Ferguson
Company secretary

TERRACE GP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TERRACE GP HOLDINGS LIMITED

We have audited the financial statements of Terrace GP Holdings Limited for the year ended 31 March 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, set out in the Directors' Report, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

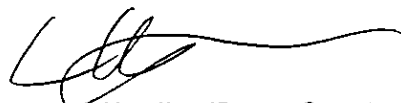
TERRACE GP HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TERRACE GP HOLDINGS 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report



Lorimer Headley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date

15 OCT 2013

TERRACE GP HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2013**

	Note	2013 £000	2012 £000
Dividends from group undertakings		4,322	10,714
Interest payable and similar charges		(1)	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,321	10,714
Tax on profit on ordinary activities	3	-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		<u>4,321</u>	<u>10,714</u>

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss account and, therefore, no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 11 form part of these financial statements

TERRACE GP HOLDINGS LIMITED
REGISTERED NUMBER. 4242811

BALANCE SHEET
AS AT 31 MARCH 2013

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Investments	5		1		1
CURRENT ASSETS					
Debtors	6	-		4	
Cash at bank		31		28	
		<u>31</u>		<u>32</u>	
CREDITORS: amounts falling due within one year	7	<u>(25)</u>		<u>(25)</u>	
NET CURRENT ASSETS			<u>6</u>		<u>7</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7</u>		<u>8</u>
CAPITAL AND RESERVES					
Called up share capital	8		-		-
Profit and loss account	9		7		8
TOTAL SHAREHOLDERS' FUNDS			<u>7</u>		<u>8</u>

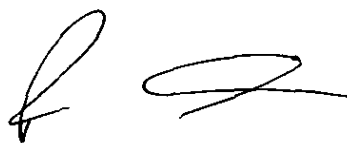
The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

15 OCT 2013



Warren Persky
Director



Russell Gurnhill
Director

The notes on pages 7 to 11 form part of these financial statements

TERRACE GP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

1 ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008)

The company is the parent undertaking of a small group and as such is not required to prepare group accounts by virtue of s398 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

CASH FLOW STATEMENT

The company has taken advantage of the exemption from the requirement to prepare a cash flow statement under Financial Reporting Standard (FRS) 1 (Revised 1996) - 'Cash Flow Statements' as it is a small company.

INCOME RECOGNITION

Income is recognised in the Profit and Loss Account on an accruals basis.

INVESTMENTS

Investments comprise equity investments in subsidiary undertakings and a joint venture undertaking. These are carried at cost less any provision for impairment in value.

The carrying amounts of the company's investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the Profit and Loss Account whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the greater of its net selling price and its value in use.

DIVIDENDS

Dividends receivable are recognised in the Profit and Loss Account in the period when the right to receive payment is established.

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's shareholders or, in the case of interim dividends, when they are paid.

DEBTORS

Debtors are recognised at the amounts receivable less any provision for doubtful debts. Collectibility of trade debtors is reviewed on an ongoing basis.

2. DIRECTORS' REMUNERATION

None of the directors received remuneration for their services to the company during the year (2012: £nil). Directors are remunerated by Trillium Property Services Limited or Telereal Services Limited, fellow group undertakings. The amounts paid are disclosed in the financial statements of the companies for which services were provided. Of the emoluments paid by Trillium Property Services Limited and Telereal Services Limited £nil (2012: £nil) related to the services to this company, which were of negligible value.

The company did not have any employees during the year under review (2012: nil).

TERRACE GP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

3. TAXATION

	2013 £000	2012 £000
UK corporation tax charge on profit for the year	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2012 lower than) the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	2013 £000	2012 £000
Profit on ordinary activities before tax	4,321	10,714
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	1,037	2,786

EFFECTS OF

Income not taxable	(1,037)	(2,786)
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CURRENT TAX CHARGE FOR THE YEAR

-	-
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FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A number of changes to the UK Corporation tax system were announced in the March 2012 Budget Statement, the 2012 Autumn Statement and the March 2013 Budget Statement. The Finance Act 2012 reduced the main rate of corporation tax for the financial year 2012 to 24% and for the financial year 2013 to 23%. The 2012 Autumn Statement announced proposals to reduce the main rate of corporation tax for the financial year 2014 to 21%. The 2013 Budget Statement announced further proposals to reduce the main rate of corporation tax for the financial year 2015 to 20%. These rates were enacted in the Finance Act 2013 on 17 July 2013.

4 AUDITORS' REMUNERATION

	2013 £000	2012 £000
Fees payable for the audit of the subsidiary entities' annual accounts	17	16
Fees payable for the audit of the company's annual accounts	1	1
Total	18	17

The audit fees for the year were borne on the company's behalf by Trillium Property Services Limited and Telereal Services Limited, fellow group undertakings.

TERRACE GP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

5. INVESTMENTS

Investments
in subsidiary
companies
£000

COST

At 1 April 2012 and 31 March 2013

1

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Name of company	Holding	Proportion of issued capital class held	Nature of business
Terrace GP LP Limited	Ordinary shares	100%	Limited partner in property investment partnership
Telereal General Property Holdings Limited	Ordinary "A" shares	50% *	Holding company
Telereal Trading Property Limited	Ordinary shares	50% **	Property dealing
Telereal General Property Parent Limited	Ordinary shares	50% **	Holding company
Telereal General Property GP Limited	Ordinary shares	50% **	General partner in property investment partnership
Telereal General Property Trustee 1 Limited	Ordinary shares	50% **	Trustee company
Telereal General Property Trustee 2 Limited	Ordinary shares	50% **	Trustee company

Notes

* The company's 100% holding of the Ordinary "A" shares represents 50% of the equity shares issued by Telereal General Property Holdings Limited

** These 50% shareholdings are owned indirectly through the company's 50% interest in Telereal General Property Holdings Limited

All the above companies are incorporated in England and Wales

In addition, Terrace GP LP Limited holds a 49.975% interest in Telereal General Property Limited Partnership, a property investment partnership which holds an interest in the general property estate occupied by British Telecommunications PLC. Telereal General Property Limited Partnership, which is registered in England and Wales, is controlled by the general partner, Telereal General Property GP Limited. The company holds a further 0.025% interest in Telereal General Property Limited Partnership through its indirect holding in Telereal General Property GP Limited.

TERRACE GP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2013**

6 DEBTORS

	2013 £000	2012 £000
Amounts owed by group undertakings	-	4

Amounts owed by group undertakings are unsecured and repayable on demand. Interest was received on these balances at LIBOR plus 3.0% per annum (2012: LIBOR plus 3.0% per annum).

**7. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2013 £000	2012 £000
Amounts owed to group undertakings	25	25

Amounts owed to group undertakings are unsecured and repayable on demand. Interest was paid on these balances at LIBOR plus 3.0% per annum (2012: LIBOR plus 3.0% per annum).

8. SHARE CAPITAL

	2013 £000	2012 £000
ALLOTTED, CALLED UP AND FULLY PAID		
1 Ordinary share of £1	-	-

9 RESERVES

	Profit and loss account £000
At 1 April 2012	8
Profit for the year	4,321
Dividends (note 10)	(4,322)
At 31 March 2013	7

10. DIVIDENDS

	2013 £000	2012 £000
Dividends £4,322,063 per share (2012: £10,714,425 per share)	4,322	10,714

11. RELATED PARTY TRANSACTIONS

At 31 March 2013, the company owed £25,000 (2012: £25,000) to Antham 1 Limited. The company was owed £nil (2012: £4,000) by Tele-International Ventures Limited.

TERRACE GP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Terrace GP Holdings Limited is a wholly owned subsidiary of Tele-International Ventures Limited (a company incorporated in the British Virgin Islands)

The parent company of the largest and smallest group for which consolidated accounts are prepared that include the company is Telereal Investments Limited (a company incorporated in the British Virgin Islands)

The ultimate holding company and controlling party is Field Nominees Limited (a company incorporated in Bermuda), as nominee for the B Pears 1967 Family Trust