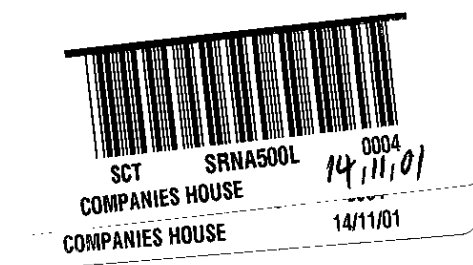


FIRST TOWER GP(1) LIMITED
Registered Number: SC 132920

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 HCo Limited, a company registered in England and Wales. The company's ultimate parent is Canary Wharf Group plc ('CWG', together with its subsidiaries 'the group').

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company owns a partnership interest as general partner in the First Tower Limited Partnership ('the Partnership'), as described in Note 5 to the accounts. The Partnership comprises two General Partners and twelve Limited Partners.

Until 5 September 1996, all of the partners were members of the group. On that date the company's investment in the Partnership was reduced to £1 as a result of a return of capital. On the same date the group disposed of its interest in the shares of the Limited Partners.

DIVIDENDS AND RESERVES

The profit and loss account for the year ended 30 June 2001 is set out on page 6. The directors do not recommend the payment of a dividend (2000:Nil) and the retained profit of £2 is to be transferred to reserves.

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



..... Company Secretary
J R Garwood

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 FIRST TOWER GP(1) LIMITED

We have audited the financial statements of First Tower GP(1) 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 11. 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

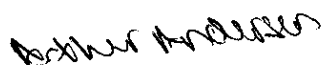
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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
FIRST TOWER GP(1) 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

FIRST TOWER GP(1) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Year Ended 30 June 2001	Year Ended 30 June 2000
		£	£
Income from fixed asset investment		2	2
Interest receivable	3	-	2
PROFIT FOR THE FINANCIAL YEAR	8	2	4

Movements in reserves are shown in Note 8 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 11 form an integral part of these financial statements.

FIRST TOWER GP(1) LIMITED**BALANCE SHEET AS AT 30 JUNE 2001**

	Notes	30 June 2001	30 June 2000
		£	£
FIXED ASSETS			
Investment	5	1	1
CURRENT ASSETS			
Debtors	6	12	10
Cash at bank and in hand		86	86
NET CURRENT ASSETS		98	96
NET ASSETS		99	97
CAPITAL AND RESERVES			
Share capital - equity	7	65	65
Share capital - non equity	7	2	2
Profit and loss account	8	32	30
SHAREHOLDERS' FUNDS			
Equity		97	95
Non-equity		2	2
	9	99	97

The notes on pages 8 to 11 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.

Investment in partnership

The investment in the partnership is stated in the company's balance sheet at cost less any provision for impairment.

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.

3 INTEREST RECEIVABLE

	Year Ended 30 June 2001	Year Ended 30 June 2000
	£	£
Bank interest receivable	-	2
	-	2

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

4 TAXATION

No provision for taxation has been made since the profit for the year will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief.

There is no unprovided deferred taxation.

5 INVESTMENTS

As a general partner, the company has contributed 0.05% of the capital of First Tower Limited Partnership, an entity which commenced business on 22 August 1991. Upon commencing business the Partnership acquired an interest in certain floors within the Tower at Canary Wharf and certain retail areas within the Canary Wharf estate. On 27 December 1995 the Partnership sold its retail interests to a fellow group undertaking. On 5 September 1996, the Partnership granted an overriding lease in its remaining interests to a fellow subsidiary undertaking.

Also on 5 September 1996, the company's investment in the First Tower Limited Partnership was reduced to £1 as a result of a return of capital by the Partnership. On the same date the group disposed of its interest in the shares of the Limited Partners in the Partnership.

6 DEBTORS

	30 June 2001	30 June 2000
	£	£
Amounts owed by fellow subsidiary undertakings	5	4
Amounts owed by subsidiary undertakings	7	6
	<u>12</u>	<u>10</u>

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

7 CALLED-UP SHARE CAPITAL

	30 June 2001	30 June 2000
	£	£
Authorised:		
1,000 deferred ordinary shares of £1 each	1,000	1,000
100 ordinary shares of \$1 each	65	65
Allotted, called-up and fully paid:		
2 deferred ordinary shares of £1 each	2	2
100 ordinary shares of \$1 each	65	65
	67	67

The holders of the deferred ordinary shares are entitled to a restricted participation in the profits or assets of the company and do not have any right to attend and vote at any general meeting.

8 RESERVES

	Profit and Loss Account
	£
At 1 July 2000	30
Profit for the financial year	2
At 30 June 2001	32

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' funds as at 1 July 2000	97
Profit for the financial year	2
Shareholders' funds as at 30 June 2001	99

10 CAPITAL COMMITMENTS

As at 30 June 2001 the company had given a guarantee and granted fixed and floating charges over all its assets to secure the borrowings of other group undertakings.

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

11 RELATED PARTIES

The company's immediate parent undertaking is CWE SPV 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.

SC132920

FIRST TOWER LIMITED PARTNERSHIP
Registered Number: LP 4097

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2001

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COMPANIES HOUSE 0295
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STATEMENT OF THE GENERAL PARTNERS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The First Tower Limited partnership was registered as an English limited partnership on 22 August 1991 and comprises two General Partners and twelve Limited Partners. The General Partners and Limited Partners are incorporated in Scotland. In addition there are two trustee companies which hold legal title to certain property as trustees for the Partnership. The two trustees are incorporated in England and Wales.

Until 5 September 1996, all of the partners were members of the Canary Wharf Group ('CWG'). On that date the sale of the shares in the Partnership's limited partners to a company outside CWG was completed.

The Limited Partnership Deed dated 22 August 1991 (the 'Agreement') requires that the General Partners prepare accounts for each financial period. In preparing these accounts, the General Partners are responsible for:

- 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 General Partners are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Partnership.

The General Partners are responsible for ensuring that the Partnership has complied at all times with its obligations under the Agreement and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Partnership and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF FIRST TOWER LIMITED PARTNERSHIP

We have audited the financial statements on pages 4 to 8 which have been prepared under the terms of the Agreement and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the General Partners are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

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 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 General Partners in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Partnership'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 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
FIRST TOWER LIMITED PARTNERSHIP**

Opinion

In our opinion the financial statements present fairly the state of the Partnership's net assets as at 30 June 2001 and the profit for the year then ended in accordance with the Agreement and the accounting policies set out in note 1.



Arthur Andersen
Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

31 October 2001

FIRST TOWER LIMITED PARTNERSHIP

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2001

	Notes	Year Ended 30 June 2001	Year Ended 30 June 2000
		£	£
Turnover - rental income		5,000	5,000
Cost of sales		(2,000)	(2,000)
OPERATING PROFIT		3,000	3,000
Interest receivable	2	65	58
PROFIT FOR THE FINANCIAL YEAR		3,065	3,058

Movements in reserves are shown in Note 4 of these accounts.

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 6 to 8 form an integral part of these financial statements.

FIRST TOWER LIMITED PARTNERSHIP

BALANCE SHEET AS AT 30 JUNE 2001

	Notes	30 June 2001	30 June 2000
		£	£
CURRENT ASSETS			
Amounts due from CWG		24,203	19,204
Cash at bank and in hand		2,204	2,137
		26,407	21,341
Amounts due to CWG		(9,646)	(7,645)
NET ASSETS		16,761	13,696
CAPITAL AND RESERVES			
Capital accounts	4	2,000	2,000
Current accounts	4	14,761	11,696
SHAREHOLDERS' FUNDS - EQUITY		16,761	13,696

The notes on pages 6 to 8 form an integral part of these financial statements.

APPROVED BY THE GENERAL PARTNERS ON 31 OCTOBER 2001 AND SIGNED ON THEIR 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 Partnership, 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.

Turnover

Turnover, representing rents receivable, is recognised net of VAT in the period in which the rents become due.

Rental income, stated net of VAT, is recognised in the period in which it falls due.

Cash flow

No cash flow statement has been prepared as there were no cashflows during the year ended 30 June 2001 or the year ended 30 June 2000 other than the receipt of bank interest.

2 INTEREST RECEIVABLE

	Year Ended 30 June 2001	Year Ended 30 June 2000
	£	£
Bank interest receivable	65	58
	<u>65</u>	<u>58</u>

3 PROPERTY ASSETS

On 22 August 1991 the Partnership purchased the residual 95 year term of a 99 year lease in certain areas of the Canary Wharf development for £105 million and entered into a lease-back arrangement with Canary Wharf Limited ('CWL') in respect of those areas. On 8 December 1991 the Partnership purchased the residual 95 year term of a 99 year lease in certain other areas of the Canary Wharf development for £10 million and again entered into leaseback arrangements with CWL in respect of those areas.

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

On 22 December 1995 the leaseback arrangements referred to above were varied by means of the Partnership granting to CWL new overriding leases in respect of the interests in the Canary Wharf development held by the Partnership. The new overriding leases were then merged with the existing leases to CWL, the net effect of which was that the Partnership became entitled to receive 99% of the rents due from occupational tenants with effect from 22 December 1995. The consideration for granting these leases was a premium payable by CWL to the Partnership of £78.5 million. Following this variation the Partnership transferred its interest in certain retail areas to a CWG undertaking for a consideration of £10.4 million.

On 5 September 1996, the Partnership granted an overriding lease at a nominal ground rent to its then immediate parent and paid a commutation sum to its immediate landlord in commutation of its obligations under its leasehold interest. The net consideration received from these transactions was £23.8 million, determined on the basis of an external valuation.

4 CAPITAL AND CURRENT ACCOUNTS

		30 June 2001	30 June 2001
	Interest %	Capital £	Current £
First Tower GP(1) Ltd	0.050	1.00	7.40
First Tower GP(2) Ltd	0.050	1.00	7.40
First Tower LP(1) Ltd	8.325	166.50	1,228.85
First Tower LP(2) Ltd	8.325	166.50	1,228.85
First Tower LP(3) Ltd	8.325	166.50	1,228.85
First Tower LP(4) Ltd	8.325	166.50	1,228.85
First Tower LP(5) Ltd	8.325	166.50	1,228.85
First Tower LP(6) Ltd	8.325	166.50	1,228.85
First Tower LP(7) Ltd	8.325	166.50	1,228.85
First Tower LP(8) Ltd	8.325	166.50	1,228.85
First Tower LP(9) Ltd	8.325	166.50	1,228.85
First Tower LP(10) Ltd	8.325	166.50	1,228.85
First Tower LP(11) Ltd	8.325	166.50	1,228.85
First Tower LP(12) Ltd	8.325	166.50	1,228.85
	100.000	2,000.00	14,761.00

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

The movement in partners' capital and current accounts during the period was:

	Capital Account	Current Account
	£	£
As at 1 July 2000	2,000	11,696
Net profit for the year	-	3,065
As at 30 June 2001	2,000	14,761