

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

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR FROM 1 JANUARY 2005 TO 31 DECEMBER 2005**



**SCT STPINGVQ 1203**  
**COMPANIES HOUSE 06/07/06**

# **FIRST TOWER GP(1) LIMITED**

## **FINANCIAL STATEMENTS**

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# **FIRST TOWER GP(1) LIMITED**

## **THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005**

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The directors present their report with the audited financial statements for the year ended 31 December 2005.

### **ULTIMATE PARENT UNDERTAKING**

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

### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The company owns a partnership interest as a General Partner in the First Tower Limited Partnership ('the Partnership'), as described in Note 4 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.

### **FUTURE DEVELOPMENTS**

The company is expected to continue with its principal activity for the foreseeable future.

### **DIVIDENDS AND RESERVES**

The profit and loss account for the year ended 31 December 2005 is set out on page 6. No dividends have been paid or proposed (2004: £Nil) and the retained profit of £2 (2004: profit of £1) has been transferred to reserves.

### **DIRECTORS**

The directors of the company throughout the year ended 31 December 2005 were:

A P Anderson II  
G Iacobescu  
R Lyons

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

### **DIRECTORS' INTERESTS**

The directors have been granted options to subscribe for ordinary class B shares in Songbird. Details of interests and options to subscribe for shares in Songbird 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 2005 or at any time throughout the year then ended.

# FIRST TOWER GP(1) LIMITED

## THE DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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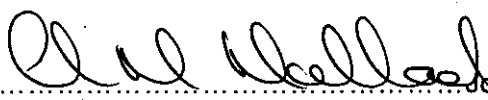
### FINANCIAL INSTRUMENTS

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant are credit risk and liquidity risk. These risks are mitigated by the nature of the debtor balances owed, with these due from other group companies who are able to repay these if required.

### 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  
A M Holland

28 June 2006

Registered office:  
Dundas & Wilson  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EN

## **FIRST TOWER GP(1) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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The directors are required by the Companies Act 1985 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 year and of the results for the year then ended. In preparing these financial statements, the directors are required to:

- select suitable accounting policies, as described on page 8, 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.

# **FIRST TOWER GP(1) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST TOWER GP(1) LIMITED**

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We have audited the financial statements of First Tower GP(1) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 9. 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 may 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 annual report and 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 United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report 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 other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 circumstances of the company, consistently applied and adequately disclosed.

# **FIRST TOWER GP(1) LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRST TOWER GP(1) LIMITED**

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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 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte Touche LLP*

**Deloitte & Touche LLP**  
**Chartered Accountants and Registered Auditors**  
**London**

28 June 2006

# **FIRST TOWER GP(1) LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005**

		Year ended 31 December 2005 £	Six months ended 31 December 2004 £
	Note		
<b>OPERATING PROFIT</b>	<b>2</b>	–	–
Income from fixed asset investments		2	1
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2</b>	<b>1</b>
Tax on profit on ordinary activities	<b>3</b>	–	–
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>2</b>	<b>1</b>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	<b>7</b>	<b>2</b>	<b>1</b>

Movements in reserves are shown in Note 7 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 2005 or the period ended 31 December 2004 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.



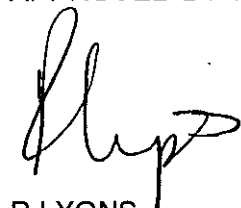
# FIRST TOWER GP(1) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	31 December 2005 £	31 December 2004 £
<b>FIXED ASSETS</b>			
Investments	4	1	1
<b>CURRENT ASSETS</b>			
Debtors	5	19	17
Cash at bank		86	86
		<u>105</u>	<u>103</u>
<b>TOTAL ASSETS</b>		<u>106</u>	<u>104</u>
<b>NET ASSETS</b>		<u>106</u>	<u>104</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	6	67	67
Profit and loss account	7	39	37
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	8	<u>106</u>	<u>104</u>

The notes on pages 8 to 11 form an integral part of these financial statements.

APPROVED BY THE BOARD ON 28 JUNE 2006 AND SIGNED ON ITS BEHALF BY:



R LYONS  
DIRECTOR

# **FIRST TOWER GP(1) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

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### **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 period, 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.

#### **Investments in partnership**

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

### **2. OPERATING PROFIT**

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

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

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

### **3. TAXATION**

No provision for corporation tax 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. It is anticipated that group relief and other tax reliefs will impact on future tax charges. There is no unprovided deferred taxation.

# FIRST TOWER GP(1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 4. INVESTMENTS

	Shares in Group Undertakings
	£
<b>COST</b>	
At 1 January 2005 and 31 December 2005	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2005	<u>1</u>
At 31 December 2004	<u>1</u>

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 One Canada Square 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.

### 5. DEBTORS

	31 December 2005	31 December 2004
	£	£
Amounts owed by partnership	2	13
Amount owed by fellow subsidiary undertaking	<u>17</u>	<u>4</u>
	<u>19</u>	<u>17</u>

# FIRST TOWER GP(1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 6. CALLED-UP SHARE CAPITAL

	Year ended 31 December 2005 £	Six months ended 31 December 2004 £
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 or vote at any general meeting.

### 7. RESERVES

	Profit and loss account £
At 1 January 2005	37
Profit for the year	2
At 31 December 2005	39

### 8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 December 2005 £	31 December 2004 £
Opening shareholders' funds - equity	104	101
Profit for the year	2	1
Closing shareholders' funds - equity	106	102

# **FIRST TOWER GP(1) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005**

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### **9. RELATED PARTIES**

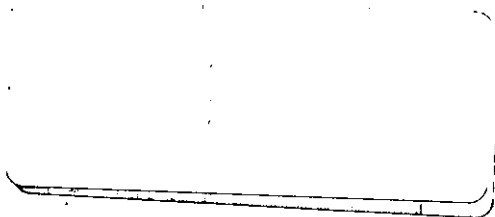
The company's immediate parent undertaking is CWE SPV HCo Limited and its ultimate parent undertaking is Songbird Estates plc, both companies are registered in England and Wales.

As at 31 December 2005, 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, 30th Floor, 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.

**FIRST TOWER LIMITED PARTNERSHIP**  
**Registered Number: LP 4097**

**ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005**



# FIRST TOWER LIMITED PARTNERSHIP

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# **FIRST TOWER LIMITED PARTNERSHIP**

## **STATEMENT OF GENERAL PARTNERS' RESPONSIBILITIES IN RESPECT OF ACCOUNTS**

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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 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 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 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.

These financial statements have been prepared under Regulation 4 of the Partnership and Unlimited Companies (Accounts) Regulations 1993.



# **FIRST TOWER LIMITED PARTNERSHIP**

## **INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF FIRST TOWER LIMITED PARTNERSHIP**

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We have audited the financial statements of First Tower Limited Partnership ("the Partnership") for the period ended 31 December 2005, which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 4. These financial statements have been prepared under the accounting policies set out in note 1.

This report is made solely to the partners, as a body. Our audit work has been undertaken so that we might state to the partners 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 partners, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the General Partners and auditors**

As described on page 1, the General Partners are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 accounting policies set out in note 1. We also report if, in our opinion, the Partnership 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 is not disclosed.

### **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 circumstances of the Partnership, 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 accounts.

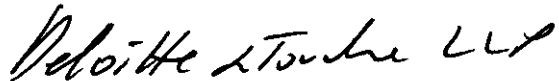
# **FIRST TOWER LIMITED PARTNERSHIP**

## **INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF FIRST TOWER LIMITED PARTNERSHIP**

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### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Partnership's affairs as at 31 December 2005 and of its loss for the period then ended and have been properly prepared in accordance with the accounting policies set out in note 1.



**Deloitte & Touche LLP**  
**Chartered Accountants**  
London, UK  
28 June 2006

# FIRST TOWER LIMITED PARTNERSHIP

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		Year Ended 31 December 2005 £	Period Ended 31 December 2004 £
	<b>Note</b>		
Turnover – rental income		5,000	2,500
Cost of sales		(2,000)	(1,000)
<b>OPERATING PROFIT</b>		<b>3,000</b>	<b>1,500</b>
Interest receivable and similar income	<b>2</b>	38	19
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,038</b>	<b>1,519</b>
Taxation		-	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<b>4</b>	<b>3,038</b>	<b>1,519</b>
Distributions to partners		(25,359)	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	<b>4</b>	<b>(22,321)</b>	<b>1,519</b>

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

All amounts relate to continuing activities in the United Kingdom.

The notes on pages 7 to 9 form an integral part of these accounts.

# FIRST TOWER LIMITED PARTNERSHIP

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	Year Ended 31 December 2005 £	Period Ended 31 December 2004 £
Retained (loss)/profit for the financial year	(22,321)	1,519
Revaluation of fixed assets	<u>52,500</u>	<u>-</u>
Total recognised gains relating to the year	<u>30,179</u>	<u>1,519</u>

The notes on pages 7 to 9 form an integral part of these financial statements.

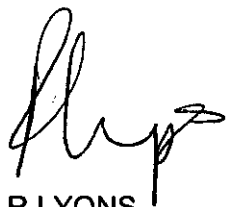
# FIRST TOWER LIMITED PARTNERSHIP

## BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	31 December 2005 £	31 December 2004 £
<b>FIXED ASSETS</b>			
Investment properties	3	52,500	-
<b>CURRENT ASSETS</b>			
Amounts due from CWG		46,614	41,700
Cash at bank and in hand		2,343	2,305
		<u>48,957</u>	<u>44,005</u>
Amounts due to CWG		(43,919)	(16,646)
<b>NET CURRENT ASSETS</b>		<u>5,038</u>	<u>27,359</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>57,538</u>	<u>27,359</u>
<b>NET ASSETS</b>		<u>57,538</u>	<u>27,359</u>
<b>CAPITAL AND RESERVES</b>			
Capital accounts	4	2,000	2,000
Revaluation reserve	4	52,500	-
Current accounts	4	3,038	25,359
<b>PARTNERS' FUNDS</b>		<u>57,538</u>	<u>27,359</u>

The notes on pages 7 to 9 form an integral part of these accounts.

APPROVED BY THE GENERAL PARTNERS, FIRST TOWER GP(1) LIMITED AND FIRST TOWER GP(2) LIMITED ON 28 JUNE 2006 AND SIGNED ON ITS BEHALF BY:



R LYONS

# FIRST TOWER LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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### 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 period, 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.

#### Turnover

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

#### Cash flow

No cash flow statement has been prepared as there were no cash flows during the year ended 31 December 2005 or the six months ended 31 December 2004 other than the receipt of bank interest.

#### Investment properties

Tangible fixed assets, comprising leasehold investment properties, are revalued annually and no provision is made for depreciation. Surpluses or deficits are transferred to the revaluation reserve.

#### Interest receivable and interest payable

Interest receivable and interest payable are recognised in the period in which they fall due.

### 2. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year Ended 31 December 2005 £	Period Ended 31 December 2004 £
Bank interest receivable	38	19

# FIRST TOWER LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 3. INVESTMENT PROPERTIES

	Leasehold Property £
<b>VALUATION</b>	
Revaluation	52,500
<b>At 31 December 2005</b>	<u>52,500</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2005</b>	<u>52,500</u>
At 31 December 2004	<u>-</u>

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 leaseback 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.

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 lease 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.

On a historic cost basis, investment properties would have been included as follows:

	31 December 2005 £	31 December 2004 £
Historic cost	<u>-</u>	<u>-</u>

As at 31 December 2005 the leasehold property interest was valued by CB Richard Ellis Limited, Surveyors and Valuers, on the basis of Market Value in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. No allowance was made for any expenses of realisation nor for any taxation which might arise in the event of disposal. The external valuation resulted in a revaluation surplus of £52,500, which has been transferred to the revaluation reserve.

# FIRST TOWER LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

### 4. CAPITAL AND CURRENT ACCOUNTS

	Interest %	Capital £	Revaluation £	Current £
First Tower GP(1) Limited	0.050	1.00	26.22	1.54
First Tower GP(2) Limited	0.050	1.00	26.22	1.54
First Tower LP(1) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(2) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(3) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(4) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(5) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(6) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(7) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(8) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(9) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(10) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(11) Limited	8.325	166.50	4,370.63	252.91
First Tower LP(12) Limited	8.325	166.50	4,370.63	252.91
		<u>2,000.00</u>	<u>52,500.00</u>	<u>3,038.00</u>

The movement in the partners' capital, revaluation and current accounts during the year was:

	Capital Account £	Revaluation £	Current Account £
As at 1 January 2005	2,000	-	25,359
Net profit for the year	-	52,500	3,038
Distributions to partners	-	-	(25,359)
As at 31 December 2005	<u>2,000</u>	<u>52,500</u>	<u>3,038</u>