



CANARY WHARF
GROUP PLC

**PARTNERSHIP
ACCOUNTS**

FIRST TOWER GP(1) LIMITED

Registered number: SC132920

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

WEDNESDAY



L5E25REQ

LD3

24/08/2016

#1

COMPANIES HOUSE

FIRST TOWER GP(1) LIMITED

CONTENTS

	Page
Directors' Report	1
Directors' Responsibilities Statement	2
Independent Auditor's Report	3 - 4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8 - 15

FIRST TOWER GP(1) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

In preparing this report, the directors have taken advantage of the small companies exemptions.

PRINCIPAL ACTIVITY

The company owns a partnership interest as a General Partner in the First Tower Limited Partnership ('the Partnership'), as described in Note 7 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.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1 (2014 - £1).

No dividends have been paid or proposed (2014 - £nil).

DIRECTORS

The directors who served during the year were:

A P Anderson II
Sir George Iacobescu CBE
R J J Lyons

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2015 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is 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 relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 17 August 2016 and signed on its behalf.



J R Garwood
Secretary

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company financial statements 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.

FIRST TOWER GP(1) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST TOWER GP(1) LIMITED

We have audited the financial statements of First Tower GP(1) Limited for the year ended 31 December 2015, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 12. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's 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 AUDITOR

As explained more fully in the Directors' Responsibilities Statement, 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.

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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 and the Directors' Report has been prepared in accordance with applicable legal requirements.

FIRST TOWER GP(1) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST TOWER GP(1) 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 take advantage of the small companies' exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.



James Wright FCA (Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Chartered Accountant and Statutory Auditor
London, UK

17 August 2016

FIRST TOWER GP(1) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Share of income from investment in partnership		1	1
PROFIT BEFORE TAX		<u>1</u>	<u>1</u>
Tax on profit	6	-	-
PROFIT FOR THE YEAR		<u>1</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1</u></u>	<u><u>1</u></u>

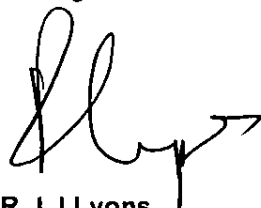
The notes on pages 8 to 15 form part of these financial statements.

FIRST TOWER GP(1) LIMITED
REGISTERED NUMBER: SC132920

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £	As restated 2014 £
FIXED ASSETS			
Investments	7	42	41
		<u>42</u>	<u>41</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	8	103	103
		<u>103</u>	<u>103</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		145	144
Deferred tax	9	(5)	(5)
NET ASSETS		<u>140</u>	<u>139</u>
CAPITAL AND RESERVES			
Called up share capital	10	67	67
Retained earnings		<u>73</u>	<u>72</u>
		<u>140</u>	<u>139</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 August 2016.



R J J Lyons
Director

The notes on pages 8 to 15 form part of these financial statements.

FIRST TOWER GP(1) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	67	72	139
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1	1
AT 31 DECEMBER 2015	<u>67</u>	<u>73</u>	<u>140</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2014 (as previously stated)	67	26	50	143
Prior year adjustment	-	(26)	21	(5)
At 1 January 2014 (as restated)	<u>67</u>	<u>-</u>	<u>71</u>	<u>138</u>
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	1	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	1	1
AT 31 DECEMBER 2014	<u>67</u>	<u>-</u>	<u>72</u>	<u>139</u>

The notes on pages 8 to 15 form part of these financial statements.

FIRST TOWER GP(1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. GENERAL INFORMATION

First Tower GP(1) Limited is a Scottish Limited Company registered at Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland").

Information on the impact of first-time adoption of FRS 102 is given in Note 12.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see Note 3).

The principal accounting policies are summarised below.

2.2 Going concern

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash flow statement

The company has taken the exemption from preparing the cash flow statement under Section 1.12(b) as it is a member of a group where the parent of the group prepares publicly available consolidated accounts which are intended to give a true and fair view.

2.4 Investments

Investments in partnerships are stated at fair value, with changes recognised in other comprehensive income unless the carrying amount of the investment falls below its original cost, after which the deficit is recognised in the income statement.

Revenue profits and losses in partnerships are recognised on an accruals basis.

2.5 Financial instruments

Trade and other receivables

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

Trade and other payables

Trade and other creditors are stated at cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. ACCOUNTING POLICIES (continued)

2.6 Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Valuation of investments

Investments in Partnerships are carried at fair value. The directors have valued the investment at the company's share of the Partnerships net asset value, as adjusted for the fair value of the Partnerships property interest.

4. AUDITOR'S REMUNERATION

Auditor's remuneration of £800 (2014 - £800) for the audit of the company has been borne by another group undertaking.

5. EMPLOYEES

The company has no employees other than the directors, who did not receive any remuneration (2014 - £NIL).

FIRST TOWER GP(1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. TAXATION

	2015 £	2014 £
Current tax on profits for the year	-	-
TOTAL CURRENT TAX	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	1	1
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	-	-
EFFECTS OF:		
Group relief	-	-
TOTAL TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The tax rate of 20.25% has been calculated by reference to the current tax rate of 20% which was in effect for the final three quarters of the year and the previous rate of 21% which was in effect for the first quarter of the year.

FIRST TOWER GP(1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

7. FIXED ASSET INVESTMENTS

	Investment in partnerships £
COST OR VALUATION	
At 1 January 2015	41
Share of profit/(loss)	1
At 31 December 2015	<u>42</u>
At 31 December 2015	<u>-</u>
NET BOOK VALUE	
At 31 December 2015	<u>42</u>
At 31 December 2014	<u>41</u>

As a general partner, the company has contributed 0.05% of the capital of the 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 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. The investment in the Partnership has since been revalued annually to reflect the share of the company's net assets in the Partnership.

8. DEBTORS

	2015 £	2014 £
Amounts owed by group undertakings	<u>103</u>	<u>103</u>
	<u>103</u>	<u>103</u>

Amounts owed by group undertakings is interest free and repayable on demand.

FIRST TOWER GP(1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

9. DEFERRED TAXATION

	Deferred tax £
At 1 January 2015	(5)
AT 31 DECEMBER 2015	(5)

The provision for deferred taxation is made up as follows:

	2015 £	As restated 2014 £
Revaluation of investments	(5)	(5)
	(5)	(5)

10. SHARE CAPITAL

	2015 £	2014 £
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.

FIRST TOWER GP(1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. CONTROLLING PARTY

The company's immediate parent undertaking is CWE SPV HCo Limited.

As at 31 December 2015, the smallest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Canary Wharf Group Investment Holdings plc. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Stork HoldCo LP, an entity registered in Bermuda and the ultimate parent undertaking and controlling party.

Stork HoldCo LP is controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.

The directors have taken advantage of the exemption in paragraph 33.1A of FRS 102 allowing the company not to disclose related party transactions with respect to other group companies.

FIRST TOWER GP(1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

12. FIRST TIME ADOPTION OF FRS 102

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note						
Fixed assets	40	-	40	41	-	41
Current assets	103	-	103	103	-	103
NET CURRENT ASSETS	103	-	103	103	-	103
TOTAL ASSETS LESS CURRENT LIABILITIES	143	-	143	144	-	144
Deferred tax	-	(5)	(5)	-	(5)	(5)
NET ASSETS	143	(5)	138	144	(5)	139
Capital and reserves	143	(5)	138	144	(5)	139

FIRST TOWER GP(1) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

12. FIRST TIME ADOPTION OF FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Note			
OPERATING PROFIT	-	-	-
Income from shares in group undertakings	1	-	1
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR	1	-	1

Explanation of changes to previously reported profit and equity:

- 1 Under previous GAAP, deferred tax was not recognised on the fair value movements arising as a result of the periodic revaluation of investment properties. Under FRS 102, these timing differences give rise to deferred tax liabilities.
- 2 Under FRS102 movements in the fair value of investment properties are taken to the income statement. Where such gains occur within the company's investment in partnerships, the company's share of such gains is also taken to the income statement. Under previous GAAP, the company's share of the revaluation movement was taken to the revaluation reserve through the Statement of Total Recognised Gains and Losses.

FIRST TOWER LIMITED PARTNERSHIP
Registered Number: LP4097

ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

FIRST TOWER LIMITED PARTNERSHIP

CONTENTS

	PAGE
Statement of the General Partners' Responsibilities in Respect of the Accounts	1
Independent Auditor's Report	2
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Notes to the Accounts	7

FIRST TOWER LIMITED PARTNERSHIP

STATEMENT OF 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 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume the Partnership will continue in existence.

The General Partners are also 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, errors and other irregularities.

These accounts have been prepared under Regulation 7 of the Partnership (Accounts) Regulations 2008.

FIRST TOWER LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF FIRST TOWER LIMITED PARTNERSHIP

We have audited the non-statutory financial statements of First Tower Limited Partnership ("the Partnership") for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, Balance Sheet and the related Notes 1 to 13. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely for the exclusive use of the Partners, as a body, and solely for the purpose of reporting to the Partners those matters we are required to state to them in an auditor's report. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

Respective responsibilities of the General Partners and auditor

As explained more fully in the Statement of General Partners' Responsibilities, the General Partners 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.

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 partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the General Partners; and the overall presentation of the financial statements.

In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

FIRST TOWER LIMITED PARTNERSHIP

INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF FIRST TOWER LIMITED PARTNERSHIP

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the Partnership's affairs as at 31 December 2015 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Limited Partnership Deed.



Deloitte LLP
Chartered Accountants
London, UK
17 August 2016

FIRST TOWER LIMITED PARTNERSHIP

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		Year Ended 31 December 2015	Year Ended 31 December 2014 As restated
	Note	£	£
Turnover - rental income		5,000	5,000
Gross profit		5,000	5,000
Administrative expenses		(960)	(960)
Operating profit	4	4,040	4,040
Interest payable and similar charges	5	(2,000)	(2,000)
Profit on ordinary activities before taxation		2,040	2,040
Tax on profit on ordinary activities	6	—	—
Profit for the year		2,040	2,040
Other comprehensive income		—	—
Total comprehensive income		2,040	2,040

Movements in reserves are shown in Note 12 of these financial statements.

All amounts relate to continuing activities in the United Kingdom.

The Notes on pages 7 to 14 form an integral part of these accounts.

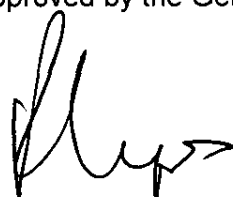
FIRST TOWER LIMITED PARTNERSHIP

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31 December 2015 £	31 December 2014 As restated £
Fixed assets			
Tangible assets	7	78,029	78,029
Current assets			
Debtors	8	32,382	30,342
Creditors: Amounts falling due within one year	9	(960)	(960)
Net current assets		31,422	29,382
Total assets less current liabilities		109,451	107,411
Creditors: Amounts falling due after more than one year	10	(25,529)	(25,529)
Net assets		83,922	81,882
Capital and reserves			
Share capital	12	2,000	2,000
Current accounts	12	81,922	79,882
		83,922	81,882

The Notes on pages 7 to 14 form an integral part of these accounts.

Approved by the General Partner on 17 August 2016 and signed on its behalf by:


R J J LYONS

FIRST TOWER LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2014 (as previously stated)	2,000	52,500	25,342	79,842
Prior year adjustment (Note 2)	–	(52,500)	52,500	–
At 1 January 2014 as restated	2,000	–	77,842	79,842
Profit for the financial year	–	–	2,040	2,040
Total comprehensive income	–	–	2,040	2,040
At 31 December 2014	2,000	–	79,882	81,882
Profit for the financial year	–	–	2,040	2,040
Total comprehensive income	–	–	2,040	2,040
At 31 December 2015	2,000	–	81,922	83,922

The Notes on pages 7 to 14 form an integral part of these accounts.

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. PRINCIPAL ACCOUNTING POLICIES

General Information

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 accounts have been prepared under the historical cost convention, modified to include the revaluation of properties and in accordance with applicable United Kingdom accounting standards.

Information on the impact of first-time adoption of FRS 102 is given in Note 2.

The preparation of accounts in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Partnership's accounting policies (see Note 3).

The principal accounting policies are summarised below.

Going Concern

The Partnership has net assets. Having made the requisite enquiries and assessed the resources at the disposal of the Partnership, the General Partners have a reasonable expectation that the Partnership will have adequate resources to continue its operations for the foreseeable future. Accordingly the going concern basis continues to be adopted in preparing the financial statements.

Cash flow

No cash flow statement has been prepared as there were no cash flows during the year ended 31 December 2015 or the year ended 31 December 2014.

Investment properties

Investment properties, including land and buildings held for development and investment properties under construction, are measured initially at cost including related transaction costs. The finance costs associated with direct expenditure on properties under construction or undergoing refurbishment are capitalised.

Where a property interest is acquired under a lease the investment property and the associated lease liability are initially recognised at the lower of the fair value and the present value of the minimum lease payments including any initial premium. Lease payments are apportioned between the finance charge and a reduction in the outstanding obligation for future amounts payable. The total finance charge is allocated to accounting periods over the lease term so as to produce a constant periodic charge to the remaining balance of the obligation for each accounting period

Investment properties are subsequently revalued, at each reporting date, to an amount comprising the fair value of the property interest plus the carrying value of the associated lease liability. The gain or loss on remeasurement is recognised in the income statement.

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

Trade and other receivables

Debtors are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the Partnership will not be able to collect all amounts due according to the original terms of the debtor concerned.

2. TRANSITION TO FRS102

These financial statements have been prepared under FRS 102, the Financial Reporting Standard applicable in the United Kingdom. The financial statements for the year ended 31 December 2014 were prepared under the previous UK GAAP.

The comparatives have been restated as follows to reflect changes to the accounting policies used by the Partnership in order to comply with FRS102.

	As previously reported	Adjustments	As restated
	£	£	£
Year ended 31 December 2014			
Investment properties (2)	52,500	25,529	78,029
Debtors	30,342	–	30,342
Creditors < 1 year	(960)	–	(960)
Operating lease liability (2)	–	(25,529)	(25,529)
Net Assets	81,882	–	81,882
Capital	2,000	–	2,000
Revaluation reserve (1)	52,500	(52,500)	–
Retained earnings (1)	27,382	52,500	79,882
	81,882	–	81,882
Revenue	5,000	–	5,000
Cost of sales (2)	(2,000)	2,000	–
Administrative expenses	(960)	–	(960)
Interest payable (2)	–	(2,000)	(2,000)
Profit for the year	2,040	–	2,040

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

	As previously reported	Adjustments	As restated
	£	£	£
As at 1 January 2014			
Investment properties (2)	52,500	25,529	78,029
Debtors	29,187	–	29,187
Creditors < 1 year	(1,845)	–	(1,845)
Operating lease liability (2)	–	(25,529)	(25,529)
Net Assets	79,842	–	79,842
 Capital accounts	 2,000	 –	 2,000
Revaluation reserve (1)	52,500	(52,500)	–
Retained earnings (1)	25,342	52,500	77,842
	79,842	–	79,842

(1) The movement in the fair value of investment properties is taken to the income statement. Under previous GAAP, the revaluation movement was taken to the revaluation reserve through the Statement of Total Recognised Gains and Losses.

(2) Where an investment property is held under an operating lease, the lease rentals are recognised as a liability using finance lessee accounting. At each balance sheet date, the fair value of the investment property is grossed up for the outstanding lease liability. Under previous GAAP, the liability was not recognised, with rentals being charged to the Profit and Loss Account as incurred.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Valuation of investment properties

The Trust uses valuations performed by independent valuers as the fair value of its properties. The valuations are based upon assumptions including future rental income, anticipated void costs and the appropriate discount rate or yield. The valuers also make reference to market evidence of transaction prices for similar properties.

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

4. OPERATING PROFIT

Operating profit is stated after charging:

	Year Ended 31 December 2015	Year Ended 31 December 2014 As restated
	£	£
Remuneration of the auditor:		
Audit fees for the audit of the Partnership	800	800

No staff were employed by the Partnership during the year or the prior year.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 31 December 2015	Year Ended 31 December 2014 As restated
	£	£
Operating lease charges (Note 11)	2,000	2,000

6. TAXATION

No provision for tax has been made as the income earned by the Partnership is taxable in the accounts of the partners.

7. TANGIBLE FIXED ASSETS

	Leasehold Investment Property £
Cost or valuation At 1 January 2015 and 31 December 2015	78,029
Net book value At 31 December 2015	78,029
At 31 December 2014	78,029

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.

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015	31 December 2014 As restated
	£	£
Historic cost	—	—

At 31 December 2015, the property was valued externally by CB Richard Ellis Limited, qualified valuers with recent experience in office properties at Canary Wharf. The fair value was determined in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors, using:

- Discounted cash flows based on inputs provided by the Partnership (current rents, terms and conditions of lease agreements) and assumptions and valuation models adopted by the valuers (estimated rental values, terminal values and discount rates).
- Yield methodology based on inputs provided by the Partnership (current rents) and assumptions and valuation models adopted by the valuers (estimated rental values and market capitalisation rates).

The resulting valuations are cross checked against the initial yields and the fair market values per square foot derived from actual market transactions.

No allowance was made for any expenses of realisation nor for any taxation which might arise in the event of disposal.

The fair value has been allocated to the following balance sheet items:

	31 December 2015	31 December 2014 As restated
	£	£
Leasehold properties	78,029	78,029
Operating lease liabilities	(25,529)	(25,529)
Fair value	52,500	52,500

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

The property interest is let to CWCB Properties (DS7) Limited at a ground rent of £5,000 per annum. The lease expires on 14 July 2987.

The future minimum payments under non-cancellable operating leases is as follows:

	31 December 2015	31 December 2014 As restated
	£	£
Within one year	5,000	5,000
In one to five years	20,000	20,000
After more than five years	4,832,671	4,837,671
	<u>4,857,671</u>	<u>4,862,671</u>

8. DEBTORS

	31 December 2015	31 December 2014 As restated
	£	£
Amounts due from CWG	<u>32,382</u>	<u>30,342</u>

Amounts due from CWG are interest free and repayable on demand.

9. CREDITORS: Amounts falling due within one year

	31 December 2015	31 December 2014 As restated
	£	£
Accruals	<u>960</u>	<u>960</u>

10. CREDITORS: Amounts falling due after more than one year

	31 December 2015	31 December 2014 As restated
	£	£
Operating lease liabilities (Note 11)	<u>25,529</u>	<u>25,529</u>

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. OPERATING LEASE COMMITMENTS

The amount at which operating lease liabilities are stated comprise:

	31 December 2015	31 December 2014 As restated
	£	£
At 1 January	25,529	25,529
Operating rents paid	(2,000)	(2,000)
Finance charges	2,000	2,000
At 31 December	<u>25,529</u>	<u>25,529</u>

The maturity profile of the undiscounted minimum lease payments is as follows:

	31 December 2015	31 December 2014 As restated
	£	£
Due within one year	2,000	2,000
Between one and five years	8,000	8,000
After more than five years	1,933,085	1,935,085
	<u>1,943,085</u>	<u>1,945,085</u>

12. CAPITAL AND RESERVES

	%	Share capital £	Retained earnings £	Total £
First Tower GP(1) Limited	0.050	1.00	40.94	41.94
First Tower GP(2) Limited	0.050	1.00	40.94	41.94
First Tower LP(1) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(2) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(3) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(4) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(5) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(6) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(7) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(8) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(9) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(10) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(11) Limited	8.325	166.50	6,820.01	6,986.51
First Tower LP(12) Limited	8.325	166.50	6,820.01	6,986.51
		<u>2,000.00</u>	<u>81,922.00</u>	<u>83,922.00</u>

FIRST TOWER LIMITED PARTNERSHIP

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

13. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The Partnership is jointly operated and controlled by First Tower GP (1) Limited and First Tower GP (2) Limited.

As at 31 December 2015, the smallest group of which the Partnership is a member and for which group financial statements are drawn up is the consolidated financial statements of Canary Wharf Group Investment Holdings plc. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The largest group of which the Partnership is a member for which group financial statements are drawn up is the consolidated financial statements of Stork HoldCo LP, an entity registered in Bermuda and the ultimate parent undertaking and controlling party.

Stork HoldCo LP is controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.

The partners have taken advantage of the exemption in paragraph 33.1A of FRS 102 allowing the company not to disclose related party transactions with respect to other group companies.

The Partnership qualifies for an exemption from the requirements of regulations 4 to 6 of the Partnerships (Accounts) Regulations 2008, on the grounds that the general partners and the Partnership are included in the consolidated financial statements of CWG.