

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

**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 1999**

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COMPANIES HOUSE 29/10/99

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**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999**

The directors present herewith the audited accounts for the year ended 30 June 1999.

**ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is CWE SPV HCo Limited, a company registered in England. The company's ultimate UK parent is Canary Wharf Group plc (CWG) and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The company owns a partnership interest as general partner in the First Tower Limited Partnership (the Partnership), an entity which holds property interests described in Note 6 to the accounts. The Partnership comprises two General Partners and twelve Limited Partners and commenced business on 22 August 1991.

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 and 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 1999 is set out on page 5. The directors do not recommend the payment of a dividend (1998:Nil) and the retained profit of £7 is to be transferred to reserves.

**DIRECTORS**

The directors of the company during the year ended 30 June 1999 were:

A P Anderson  
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 issued to the directors are disclosed in the accounts of CWG.*

Other than the above, no director had any beneficial interest in the shares of the company, its parent undertaking or any of its United Kingdom subsidiaries at 30 June 1999 or at any time throughout the year then ended.

**DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999**

**YEAR 2000 COMPLIANCE**

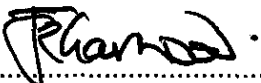
The Group has assessed the impact of the Year 2000 issue on its reporting systems and operations and on the basis of this assessment has formulated an action plan for dealing with the issues associated with the date change, with a view to rectifying any Year 2000 problem before 2000 and minimising the impact of third parties' lack of Year 2000 compliance. Work has been completed on the core financial system and is progressing according to plan in respect of other business information and operational systems and will be completed prior to the year end. Costs are taken to the profit and loss account for the period in which they are incurred.

After allowing for recoveries, costs incurred in upgrading the Group's systems during the year were not significant. Moreover, the financial cost to be borne by the Group in ensuring compliance with the remaining Year 2000 issues is not expected to be significant to the Group during the subsequent accounting period.

**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.

BY ORDER OF THE BOARD



J R Garwood

Company Secretary

16 September 1999

Registered office:  
One Canada Square  
Canary Wharf  
London  
E14 5AB

**STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**

The directors are required by the Companies Act 1985 to prepare accounts 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 period and of the results of the company for the year then ended. In preparing these accounts 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 accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors have responsibility for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have a general responsibility 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.

London

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

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and report our opinion to you.


**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 June 1999 and of its 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  
1 Surrey Street  
London  
WC2R 2PS

16 September 1999

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

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999**

	Notes	Year Ended 30 June 1999	Year Ended 30 June 1998
		£	£
Income from fixed asset investment		4	-
Interest receivable	4	3	4
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>9</b>	<b>7</b>	<b>4</b>

Movements in reserves are shown in Note 9 of these accounts.

All amounts relate to continuing activities.

There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 7 to 10 form part of these accounts.

**FIRST TOWER GP(1) LIMITED****BALANCE SHEET AS AT 30 JUNE 1999**

	Notes	30 June 1999	30 June 1998
		£	£
<b>FIXED ASSETS</b>			
Investment	6	1	1
<b>CURRENT ASSETS</b>			
Debtors	7	8	4
Cash at bank and in hand		84	81
<b>NET CURRENT ASSETS</b>		92	85
<b>NET ASSETS</b>		93	86
<b>CAPITAL AND RESERVES</b>			
Share capital - equity	8	65	65
Share capital - non equity	8	2	2
Profit and loss account	9	26	19
<b>SHAREHOLDERS' FUNDS - EQUITY</b>	10	93	86

The notes on pages 7 to 10 form part of these accounts.

APPROVED BY THE BOARD ON 16TH SEPTEMBER 1999 AND SIGNED ON ITS BEHALF  
BY:



A P ANDERSON  
DIRECTOR

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999**

**1 REORGANISATION OF PARTNERSHIP**

The company owns a partnership interest as a general partner in the First Tower Limited Partnership. On 5 September 1996 the Partnership was reorganised, the terms of which comprised:

- (1) the grant by the Partnership of an overriding lease in the Partnership's property interest to the partners' then parent undertaking;
- (2) the repayment of certain liabilities to the Partnership by other group undertakings;
- (3) the assignment of certain other liabilities owing by the Partnership and by the partners to a fellow subsidiary undertaking. In consideration for this assignment the company paid a premium of £621.
- (4) the distribution by the Partnership of all bar £2,000 of its invested capital and accumulated reserves; and
- (5) the repayment by the partners of their remaining liabilities to other group undertakings.

**2 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 accounts 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 will be included in the accounts 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.

**3 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.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999**

**4 INTEREST RECEIVABLE**

	Year Ended 30 June 1999 £	Year Ended 30 June 1998 £
Bank interest receivable	3	4
	<u>3</u>	<u>4</u>

**5 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. The group has substantial tax losses which may impact on the company's future tax charge.

**6 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.

**7 DEBTORS**

	30 June 1999 £	30 June 1998 £
Amounts owed by fellow subsidiary undertakings	4	4
Amounts owed by subsidiary undertakings	4	-
	<u>8</u>	<u>4</u>

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999**

**8 SHARE CAPITAL**

	30 June 1999	30 June 1998
	£	£
Authorised:		
1,000 deferred ordinary shares of £1 each	1,000	1,000
100 ordinary shares of \$1 each	65	65
Issued, allotted 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.

**9 RESERVES**

	Profit and Loss Account
	£
At 1 July 1998	19
Profit for the financial year	7
At 30 June 1999	26

**10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	£
Shareholders' funds as at 1 July 1998	86
Profit for the financial year	7
Shareholders' funds as at 30 June 1999	93

**11 CAPITAL COMMITMENTS**

As at 30 June 1999 the company had given a guarantee and granted fixed and floating charges over all its assets to secure the borrowings of its parent undertakings.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999**

**12 RELATED PARTIES**

The company's immediate parent undertaking is CWE SPV HCo Limited, a company registered in England. The company's ultimate UK parent is Canary Wharf Group plc and until 6 April 1999 its ultimate parent undertaking was C.W. Investments Limited Partnership, a Cayman Islands undertaking. The limited partnership was dissolved on 6 April 1999 following the shares of CWG being admitted for listing on the London Stock Exchange on 1 April 1999.

Copies of the consolidated accounts of CWG 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.