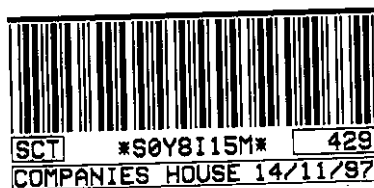


FIRST TOWER GP(1) LIMITED
Registered No: SC 132920

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1997



DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1997

The directors present herewith the accounts for the year ended 30 June 1997.

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 UK parent undertaking is CWI Holdings plc and its ultimate parent undertaking is C.W. Investments Limited Partnership, a Cayman Islands undertaking.

PRINCIPAL ACTIVITY 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 certain property interests described in Note 5 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 Canary Wharf Holdings Limited Group (the CWHL 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 CWHL Group disposed of its interest in the shares of the limited partners.

DIVIDENDS AND RESERVES

The profit and loss account for the period is set out on page 5. The directors do not recommend the payment of a dividend, and a profit of £15 (1996 - £Nil) will be transferred to reserves.

DIRECTORS

The directors of the company who served during the year ended 30 June 1997 were:

A P Anderson
G Iacobescu
G Rothman
C Young

DIRECTORS' INTERESTS

No director had any beneficial interest in the shares of the company, CWI Holdings plc or in any United Kingdom subsidiary at 30 June 1997 or at any time during the year then ended.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1997 (CONTINUED)

POLICY ON PAYMENT OF CREDITORS

In respect of the company's suppliers it is the company's policy to:


- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment; and
- abide by the terms of payment.

There were no external creditors at 30 June 1997.

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


.....) Joint Company Secretary
M D Precious

27 October 1997

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 period 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 period then ended. In preparing those 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 to 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.

**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 to report our opinion to you.

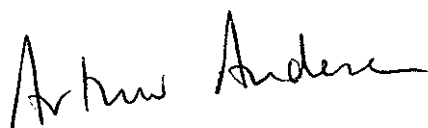
Basis of opinion

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 the 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 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 1997 and of its result 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

27 October 1997

FIRST TOWER GP(1) LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997**

	Notes	Year ended 30 June 1997 £	Year ended 30 June 1996 £
Income from fixed asset investment		1,261	2,593
Interest payable to parent undertaking		(625)	(2,593)
OPERATING PROFIT		636	-
Exceptional item:			
Premium payable on assignment of creditors	1	(621)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	3	15	-
Taxation on profit on ordinary activities	4	-	-
PROFIT FOR THE FINANCIAL YEAR		<u>15</u>	<u>-</u>

All gains and losses have been recognised in the profit and loss account for the financial year.

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

FIRST TOWER GP(1) LIMITED**BALANCE SHEET AT 30 JUNE 1997**

	Notes	30 June 1997 £	30 June 1996 £
FIXED ASSET			
Investment in partnership	5	1	52,501
CURRENT ASSETS			
Debtors	6	-	478,075
Cash at bank and in hand		81	-
		81	478,075
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	7	-	(530,509)
NET CURRENT ASSETS/(LIABILITIES)		81	(52,434)
NET ASSETS		82	67
CAPITAL AND RESERVES			
Called up share capital	8	67	67
Profit and loss account	9	15	-
		82	67

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

APPROVED BY THE BOARD ON 27 OCTOBER 1997 AND SIGNED ON ITS BEHALF BY:



A PETER ANDERSON
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1997

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:

- (a) the grant by the Partnership of an overriding lease in the Partnership's property interest to the partners' then parent undertaking;
- (b) the repayment of certain liabilities to the Partnership by other Group undertakings;
- (c) 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;
- (d) the distribution by the Partnership of all bar £2,000 of its invested capital and accumulated reserves; and
- (e) the repayment by the partners of their remaining liabilities to other Group undertakings.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies of the company, all of which have been applied consistently throughout the year and preceding period, are set out below.

(a) 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, 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 CWHL.

(b) Investment in partnership

The company's partnership interest is stated at cost less provision for permanent diminution in value.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

(a) Auditors' remuneration

Auditors' remuneration has been borne by a fellow subsidiary undertaking.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1997 (CONTINUED)

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAX (Continued)

(b) Directors' emoluments

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

(c) Employee information

No staff were employed by the company other than the directors.

4 TAXATION

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

There is no unprovided deferred taxation. The CWHL Group has substantial tax losses which may impact on the company's future tax charge.

5 INVESTMENT IN PARTNERSHIP

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 company.

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 CWHL Group disposed of its interest in the shares of the limited partners in the Partnership.

The movement in the company's investment over the period was as follows:

	£
At 1 July 1996	52,501
Return of capital by Partnership	(52,500)
At 30 June 1997	<u>1</u>

6 DEBTORS

	30 June 1997	30 June 1996
	£	£
Amount due from Partnership	-	5,510
Amount due from parent undertaking	-	65
Amount due from fellow subsidiary undertakings	-	472,500
	<u>-</u>	<u>478,075</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1997 (CONTINUED)

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 30 June 1997	Year ended 30 June 1996
	£	£
Amount due to parent undertaking	-	530,509

The amount due to the parent company was settled in full on 5 September 1996. During the period then ended interest was charged on the outstanding balance at the lower of a rate equal to the Sterling Base Rate quoted by Barclays Bank Plc and the company's retained profit for the period.

8 CALLED UP SHARE CAPITAL

	30 June 1997	30 June 1996
	£	£
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 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
As at 1 July 1996	67
Profit for the financial period	15
As at 30 June 1997	82

10 FINANCIAL COMMITMENTS

As at 30 June 1997 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 1997 (CONTINUED)

11 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 UK parent undertaking is CWI Holdings plc and its ultimate parent undertaking is C.W. Investments Limited Partnership, a Cayman Islands undertaking.

The smallest group into which the accounts of the company are consolidated is the consolidated accounts of CWHL. Copies of the accounts of CWHL may be obtained from the Joint Company Secretary, One Canada Square, Canary Wharf, London E14 5AB. The largest group into which the accounts of the company will be consolidated will be the accounts of CWI Holdings plc. Copies of these accounts will be obtainable from the same address.