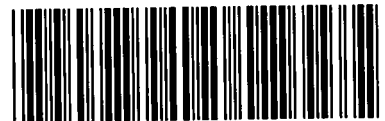


**TOWER GENERAL PARTNER LIMITED**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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COMPANIES HOUSE

**Company No. 03541867**

# **TOWER GENERAL PARTNER LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	B Stiefel P Lewis
<b>Secretary</b>	E MacPherson
<b>Company Number</b>	03541867
<b>Registered Office</b>	York Gate 100 Marylebone Road London NW1 5DX
<b>Auditors</b>	RSM UK Audit LLP Statutory Auditor Chartered Accountants 25 Farringdon Street London, EC4A 4AB

# **TOWER GENERAL PARTNER LIMITED**

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# **TOWER GENERAL PARTNER LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their report together with the audited financial statements for the year ended 31 December 2017.

### **Principal Activities**

The Company's principal activity is that of an investment company. The Company acts as general partner to The Tower Limited Partnership in which it holds a 0.054% interest and has control over the Partnership's day-to-day operations.

### **Directors**

The directors who served during the year and subsequent to that date were:

B Stiefel  
P Lewis

### **Directors' Responsibilities Statement**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

**TOWER GENERAL PARTNER LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Statement as to Disclosure of Information to the Auditor**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**Auditor**

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



**P. Lewis, Director**

**28 March 2018**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF TOWER GENERAL PARTNER LIMITED**

---

#### **Opinion**

We have audited the financial statements of Tower General Partner Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TOWER GENERAL PARTNER LIMITED (CONTINUED)

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#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.

RSM UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

28 March 2018

**TOWER GENERAL PARTNER LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Notes</b>	<b>2017 £</b>	<b>2016 £</b>
Income from fixed asset investments	3	47	55
Fair value movements of listed investments	6	(234)	(820)
<b>Loss before taxation</b>		<u>(187)</u>	<u>(765)</u>
Taxation	5	-	-
<b>Loss and total comprehensive income for the Year</b>		<u>(187)</u>	<u>(765)</u>

All amounts relate to continuing activities.



## TOWER GENERAL PARTNER LIMITED

Company Number: 03541867

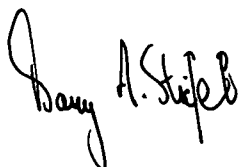
## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Investments	6	7,752	7,986
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors	7	101,166	101,119
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		101,166	101,119
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		108,918	109,105
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Share capital	8	441	441
Profit and loss account		108,477	108,664
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>		108,918	109,105
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The financial statements on pages 5 to 10 were approved by the board of directors and authorised for issue on 28 March 2018 and signed on its behalf.



B Stiefel  
Director



P Lewis  
Director

# **TOWER GENERAL PARTNER LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **1 General Information**

Tower General Partner Limited ("the Company") is a private company limited by shares incorporated and registered in England. It acts as general partner to The Tower Limited Partnership in which it holds a 0.054% interest and has control over the Partnership's day-to-day operations. The registered office of Tower General Partner Limited is York Gate, 100 Marylebone Road, London NW1 5DX.

### **2 Accounting Policies**

#### ***Basis of Accounting***

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention modified to include certain financial instruments at fair value. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

#### ***Income from Investments***

Investment income comprises dividends declared during the accounting period and interest and distributions receivable on listed and unlisted investments.

#### ***Investments***

Unlisted investments are included at cost less provisions. Listed investments are included at market value at the balance sheet date. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

#### ***Deferred Taxation***

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### ***Financial Instruments***

The Company has elected to apply the provisions of Section 11 of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### ***Debtors***

Debtors are recognised initially at the transaction price or, when the arrangement constitutes a financing transaction, at the present value of future payments discounted at a market rate of interest for a similar debt instrument. Debtors are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses.

### **3 Income from Fixed Asset Investments**

Income from fixed asset investment comprises dividends from listed investments of £47 (2016: £55).

# TOWER GENERAL PARTNER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 4 Employees

There were no employees other than directors (2016: none).

None of the directors received any remuneration for their services as directors.

### 5 Taxation

	2017 £	2016 £
Corporation tax on profits for the year	-	-

### 6 Fixed Asset Investments

	Listed Investments (at valuation)	Other investments (at cost)	Investment in The Tower Limited Partnership (at cost)	Total
<b>At cost or valuation and net book value</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	7,519	26	441	7,986
Fair value movements	(234)	-	-	(234)
At 31 December 2017	7,285	26	441	7,752

#### Listed Investments

The market value of the investments which were listed on the London Stock Exchange at 31 December 2017 was £7,285 (2016: £7,519). The historical cost of these listed investments as at 31 December 2017 was £7,680 (2016: £7,680).

#### Investment in The Tower Limited Partnership

The company is the general partner of The Tower Limited Partnership, a qualifying limited partnership established under the Limited Partnership Act 1907, whose registered office is at York Gate, 100 Marylebone Road, London, NW1 5DX. The company's capital contribution of £441 constitutes a 0.054% interest. A copy of the financial statements for The Tower Limited Partnership will be appended to the company's financial statements filed with the Registrar of Companies.

# **TOWER GENERAL PARTNER LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

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### **7 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts due from The Tower Limited Partnership	<b>101,166</b>	<b>101,119</b>

### **8 Share Capital**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Allotted, Called Up and Fully Paid</b>		
44,100 Ordinary shares of 1p each	<b>441</b>	<b>441</b>

### **9 Contingent Liabilities**

The company is party to a cross guarantee arrangement in connection with the secured borrowings of The Tower Limited Partnership which were £195.3m as at 31 December 2017 (2016: £193.4m). This guarantee is secured by a fixed and floating charge over the assets of the company.

### **10 Consolidated Accounts**

Ki Corporation Limited, is the parent of the smallest group for which consolidated accounts are prepared of which the company is a member. The registered office of Ki Corporation Limited is 28 Esplanade, St. Helier, Jersey, Channel Islands, JE2 3QA.

**THE TOWER LIMITED PARTNERSHIP**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**PARTNERSHIP NUMBER: LP005833**

# **THE TOWER LIMITED PARTNERSHIP**

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<b>Statement of Cash flows</b>	<b>10</b>
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# THE TOWER LIMITED PARTNERSHIP

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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The General Partner submits the Strategic Report for the year ended 31 December 2017.

### Financial Review

A summary of the financial results for the year ended 31 December 2017 and the partnership's financial position as at that date (including certain key financial performance indicators) are set out in the table below:

	2017 £'000	2016 £'000
Rent receivable	21,932	21,177
Operating profit	21,281	17,968
Profit for the year before investment property fair value gains	5,964	3,631
Net assets attributable to partners	235,560	226,616
Cash generated from operations	15,863	24,086

The General Partner is pleased to report an increased operating profit for the year and an increase in the net assets attributable to partners as at 31 December 2017 and is optimistic that further positive results will be reported in future years. Further details are disclosed in the attached financial statements.

WeWork and Marks & Spencer both commenced operations at 15 Bishopsgate during the year. The 15 Bishopsgate development has been funded by a long-term commercial loan as detailed in notes 8 and 11 to the financial statements.

### Principal risks and uncertainties

The General Partner considers that the key risks and uncertainties for the future relate to the London property market and other factors that impact the valuation of the investment property.

Signed on behalf of the General Partner



P Lewis  
Director  
Tower General Partner Limited

28 March 2018

## **THE TOWER LIMITED PARTNERSHIP**

### **GENERAL PARTNER'S REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2017

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The General Partner presents its report together with the audited financial statements for the year ended 31 December 2017.

#### **Principal Activities**

The Tower Limited Partnership was established and registered on 17 July 1998 as a limited partnership under the Limited Partnerships Act 1907. The principal activity of the Partnership is investment in Tower 42 and its attached estate.

#### **Partners' Responsibilities Statement**

The General Partner is responsible for preparing the Strategic Report, the General Partner's Report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 as applied to qualifying partnerships requires the General Partner to prepare financial statements for each financial year. Under that Law and in accordance with the Limited Partnership Agreement, the General Partner has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The General Partner must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period.

In preparing those financial statements, the General Partner is required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable it to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships. It is also responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Financial instrument risks**

The partnership's only material financial instruments are long-term loans disclosed in note 11 to the financial statements. These loans are at fixed interest rates minimising the partnership's cash flow risk.

#### **Strategic Report disclosures**

Details of likely future developments are disclosed in the Strategic Report in accordance with section 414c(11) of the Companies Act.

#### **Statement as to Disclosure of Information to the Auditor**

The General Partner has confirmed that, as far as it is aware, there is no relevant audit information of which the auditor is unaware. The General Partner has confirmed that it has taken all steps that it ought to have taken as a General Partner in order to make itself aware of any relevant audit information and to establish that it has been communicated to the auditor.



**THE TOWER LIMITED PARTNERSHIP**

**GENERAL PARTNER'S REPORT (continued)**

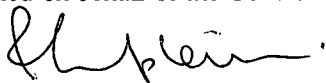
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Auditor**

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office.

Signed on behalf of the General Partner



P Lewis

Director

Tower General Partner Limited

28 March 2018

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE PARTNERS OF THE TOWER LIMITED PARTNERSHIP**

FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### **Opinion**

We have audited the financial statements of The Tower Limited Partnership (the 'qualifying partnership') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Reconciliation of Partners' Interests, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 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 as applied to qualifying partnerships.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the partners' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the partners have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the qualifying partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The partners are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE PARTNERS OF THE TOWER LIMITED PARTNERSHIP (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2017

---

#### **Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the general partner's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the general partner's report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the general partner's report.

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to qualifying partnerships 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 partners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of partners**

As more fully explained in the Partners' Responsibilities Statement set out on page 2, the partners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the partners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the partners are responsible for assessing the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the partners either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> this description forms part of our auditor's report.

## INDEPENDENT AUDITOR'S REPORT

### TO THE PARTNERS OF THE TOWER LIMITED PARTNERSHIP (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

---

This report is made solely to the qualifying partnership's partners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's partners 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 limited partnership and the qualifying partnership's partners as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RICHARD COATES (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London, EC4A 4AB

27 March 2018

**THE TOWER LIMITED PARTNERSHIP**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £'000	2016 £'000
<b>Turnover</b>	4	<b>22,216</b>	20,579
Property outgoings		(862)	(1,938)
<b>Gross profit</b>		<b>21,354</b>	18,641
Administrative expenses		(73)	(673)
<b>Operating profit</b>		<b>21,281</b>	17,968
Fair value gains on investment property	8	2,980	22,855
Interest receivable		15	6
Interest payable and similar charges	6	(15,332)	(14,343)
<b>Profit and total comprehensive income for the year attributable to partners</b>		<b>8,944</b>	26,486

All of the above results were derived from continuing operations.

**THE TOWER LIMITED PARTNERSHIP**

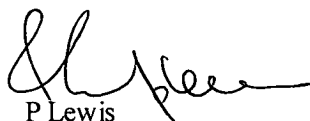
**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2017

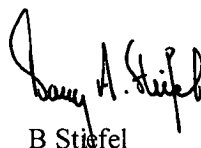
**PARTNERSHIP NUMBER: LP005833**

	Notes	£'000	2017 £'000	£'000	2016 £'000
<b>Fixed assets</b>					
Investment properties	8		496,766		469,960
<b>Current assets</b>					
Debtors	9	13,539		4,496	
Cash at bank and in hand		22,315		43,799	
		35,854		48,295	
<b>Creditors: amounts falling due within one year</b>	10	(24,294)		(20,548)	
<b>Net current assets</b>			11,560		27,747
<b>Total assets less current liabilities</b>			508,326		497,707
<b>Creditors: amounts falling due after more than one year</b>	11		(272,766)		(271,091)
<b>Net assets attributable to partners</b>			235,560		226,616
<b>Partners' equity interests:</b>					
Partners' capital contribution accounts			93		93
Partners' current accounts			13,622		7,658
Partners' advance accounts			42,575		42,575
Partners' premium accounts			18,232		18,232
Revaluation reserve account			161,038		158,058
<b>Total partners' interests</b>			235,560		226,616

The financial statements on pages 7 to 17 were approved by the General Partner and authorised for issue on 28 March 2018.



P Lewis  
Director  
Tower General Partner Limited



B Stiefel  
Director  
Tower General Partner Limited

# THE TOWER LIMITED PARTNERSHIP

## RECONCILIATION OF PARTNERS' INTERESTS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Partners' Capital Contribution Accounts	Partners' Current Accounts	Partners' Advance Accounts	Partners' Premium Accounts	Revaluation Reserve Account	Total Partners' Interests
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2016	93	4,027	42,575	18,232	135,203	200,130
Total comprehensive income for the year	-	26,486	-	-	-	26,486
Transfer investment property fair value gain to revaluation reserve	-	(22,855)	-	-	22,855	-
<b>At 31 December 2016</b>	<b>93</b>	<b>7,658</b>	<b>42,575</b>	<b>18,232</b>	<b>158,058</b>	<b>226,616</b>
Total comprehensive income for the year	-	8,944	-	-	-	8,944
Transfer investment property fair value gain to revaluation reserve	-	(2,980)	-	-	2,980	-
<b>At 31 December 2017</b>	<b>93</b>	<b>13,622</b>	<b>42,575</b>	<b>18,232</b>	<b>161,038</b>	<b>235,560</b>

The categories of the partners' interests are defined within the Limited Partnership Agreement and are all only repayable out of capital proceeds that arise if the partnership sells or refinances its freehold investment property and the partnership is dissolved or may be distributable at the discretion of the directors of the General Partner. The revaluation reserve comprises all unrealised revaluation surpluses on the freehold land and buildings since 20 May 2004, being the date of the amended Limited Partnership Agreement. All unrealised revaluation surpluses prior to this date of £33,722,625 were credited directly to the partners' current accounts in accordance with the previous Limited Partnership Agreement.

**THE TOWER LIMITED PARTNERSHIP**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017	2016
		£'000	£'000
<b>Operating activities</b>			
Cash generated from operations	13	15,863	24,086
Interest received		15	6
Interest paid		(15,332)	(14,343)
<b>Net cash from operating activities</b>		<b>546</b>	<b>9,749</b>
<b>Investing activities</b>			
Investment properties additions		(23,826)	(17,413)
<b>Net cash used in investing activities</b>		<b>(23,826)</b>	<b>(17,413)</b>
<b>Financing activities</b>			
Proceeds from new borrowings		4,250	40,750
Repayments of third party borrowings		(2,454)	(1,852)
<b>Net cash from financing</b>		<b>1,796</b>	<b>38,898</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(21,484)</b>	<b>31,234</b>
Cash and cash equivalents at beginning of year		43,799	12,565
<b>Cash and cash equivalents at end of year</b>		<b>22,315</b>	<b>43,799</b>



# THE TOWER LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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### 1 General Information

The Tower Limited Partnership was established and registered on 17 July 1998 as a limited partnership under the Limited Partnerships Act 1907. The General Partner is Tower General Partner Limited. The registered office of Tower General Partner Limited is York Gate, 100 Marylebone Road, London NW1 5DX. The principal activity of the Partnership is investment in Tower 42 and its attached estate.

### 2 Principal Accounting Policies

#### *Basis of accounting*

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the requirements of the Companies Act 2006 as applied to qualifying partnerships and under the historical cost convention, modified to include investment properties at fair value.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### *Going Concern*

The value of the Partnership's assets is substantially in excess of its liabilities. The directors of the General Partner consider that the Partnership with the continued support of Ki Corporation Limited and its subsidiaries should be able to pay its third party liabilities as they fall due for the foreseeable future and consequently have concluded that it is appropriate to adopt the going concern basis for the preparation of the financial statements.

#### *Investment Properties*

Investment properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in profit or loss.

#### *Turnover*

Turnover principally comprises rental income which is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

#### *Taxation*

The partnership does not constitute a separate taxable entity and as such there is no tax charge provided in these financial statements.

#### *Finance Costs*

The costs relating to the obtaining of loan finance are amortised to the profit and loss at a constant periodic rate. Loans are included in the statement of financial position at the amount received from the lender less the unamortised costs.

# THE TOWER LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 2 Principal Accounting Policies (continued)

#### *Financial instruments*

Financial assets and financial liabilities are recognised when the Partnership becomes a party to the contractual provisions of the instrument, and are offset only when the Partnership currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Partnership has applied the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. The partnership's financial assets are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. The partnership's financial liabilities are initially measured at transaction price and are subsequently carried at amortised cost.

### 3 Critical accounting estimates, assumptions and areas of judgement

The General Partner makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The directors of the General Partner deem the main accounting estimate and area of judgement to be in relation to the valuation of the investment property. This is based on the assumptions used in the 2016 external valuation along with their knowledge of the property and market as further discussed in note 8.

### 4 Turnover

The turnover was derived from the partnership's principal activity, which is property investment, which was carried out wholly in the UK.

	2017 £'000	2016 £'000
Rent receivable	21,932	21,177
Adjustment for operating lease incentives	284	(598)
	<u>22,216</u>	<u>20,579</u>

# THE TOWER LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 5 Auditor's remuneration and employee information

Auditor's remuneration payable to RSM UK Audit LLP for the year ended 31 December 2017 is £23,560 (2016: £23,060).

There were no employees of the partnership during the year (2016: None).

The directors of the General Partner are considered to be the key management personnel of the partnership.

None of the key management personnel nor the partners received any remuneration for management services provided to the partnership.

### 6 Interest payable and similar charges

	2017 £'000	2016 £'000
Loan interest	10,432	9,444
Fellow subsidiary undertaking loan interest	4,800	4,800
Finance arrangement fees	100	99
	<u>15,332</u>	<u>14,343</u>

## THE TOWER LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

#### 7 Subsidiary Undertakings

The following shares are held in the name of Tower General Partner Limited in its capacity as General Partner of The Tower Limited Partnership. The Tower Limited Partnership holds the beneficial interest in these shares.

Name of Company	Country of Registration / Incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Tower Management Services Limited	England & Wales	2 £1 ordinary shares	100%	Property management services
The Tower Nominees No. 1 Limited	England & Wales	2 £1 ordinary shares	100%	Dormant
The Tower Nominees No. 2 Limited	England & Wales	2 £1 ordinary shares	100%	Dormant
Tower Nominees No. 1 Jersey Limited	Jersey	10 £1 ordinary shares	100%	Dormant
Tower Nominees No. 2 Jersey Limited	Jersey	10 £1 ordinary shares	100%	Dormant

The only trading subsidiary is Tower Management Services Limited which made a profit of £10,042 during the year ended 31 December 2017 (2016: £5,746 profit) and had capital and reserves of £178,988 at that date (2016: £168,946).

None of the other subsidiaries have traded since incorporation.

The registered office address of Tower Management Services Limited, The Tower Nominees No. 1 Limited and The Tower Nominees No. 2 Limited is York Gate, 100 Marylebone Road, London, NW1 5DX. The registered office address of Tower Nominees No. 1 Jersey Limited and Tower Nominees No. 2 Jersey Limited is IFC 1 The Esplanade, St Helier, Jersey, Channel Islands, JE1 5BP.

The financial statements present information about the partnership as an individual undertaking and not about its group, as the partnership has taken advantage of the exemption provided by section 402 of the Companies Act 2006 not to prepare consolidated financial statements as the directors of the General Partner consider that all the partnership's subsidiaries may be excluded from consolidation as they are immaterial for purpose of giving a true and fair view.

# THE TOWER LIMITED PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

### 8 Investment properties

	2017 £'000	2016 £'000
<b>At fair value</b>		
At 1 January 2017	469,960	429,692
Additions	23,826	17,413
Fair value gain	2,980	22,855
At 31 December 2017	<u>496,766</u>	<u>469,960</u>
The investment property is stated in the financial statements net of operating lease incentives as detailed below		
	2017 £'000	2016 £'000
Fair value – open market basis	501,217	473,341
Operating Lease incentives not deducted in third party value (see below)	(4,451)	(3,381)
Valuation net of operating lease incentives	<u>496,766</u>	<u>469,960</u>

The investment properties comprise freehold land and buildings and were valued on an open market basis by the General Partner as at 31 December 2017. This valuation was based upon a third party report valuing the property as at 29 November 2016 at £503.4m using the special assumption that construction work on the property was complete. The valuation report states that the value will increase after payment of significant lease incentives of £7.5m. As at 31 December 2017, these lease incentives are included in both accrued income from operating lease incentives of £11.9m, as disclosed in note 9, and creditors. The estimated cost to complete the work as at 31 December 2017 was £2.1m (2016: £30.1m). As disclosed in note 11, the construction work has been financed by a commercial loan. This had been drawn down at the year end so there was £2.1m (2016: £30.1m) within cash at bank as at 31 December 2017 that will be used to fund this work.

The historical cost of the freehold land and buildings at 31 December 2017 was £302,005,426 (2016: £278,179,604).

### 9 Debtors

	2017 £'000	2016 £'000
Due within one year:		
Amounts due from tenants	1,175	729
Other debtors	407	324
Amounts owed by group undertaking	23	7
Prepayments	6	55
Accrued income from operating lease incentives	11,928	3,381
	<u>13,539</u>	<u>4,496</u>

**THE TOWER LIMITED PARTNERSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**10 Creditors: amounts falling due within one year**

	2017 £'000	2016 £'000
Commercial loan (secured – see note 11)	2,581	2,454
Trade creditors	964	3,236
Other taxation and social security	909	473
Other creditors - rent deposits held	3,305	3,800
Other creditors	7,407	82
Accruals	3,868	5,226
Deferred income - rents invoiced in advance	5,159	5,176
Amounts owed to group undertakings	101	101
	<u>24,294</u>	<u>20,548</u>

**11 Creditors: amounts falling due after more than one year**

	2017 £'000	2016 £'000
Commercial loan (secured)	191,014	189,260
Deferred income	1,752	1,831
Loan from fellow subsidiary undertaking	80,000	80,000
	<u>272,766</u>	<u>271,091</u>

The term loan facility with Aviva Commercial Finance Limited terminates on 20 March 2032. The £145m facility is at a fixed rate of 5.1% per annum. Part of the loan (£80m) is interest only with the balance (£65m) being repayable in quarterly instalments. During 2016 the loan agreement was restated to include a £62m facility to fund the development of 15 Bishopsgate. The additional loan is drawn in instalments (in accordance with Schedule 10 of the Loan Agreement). This tranche of the loan is interest only at a fixed rate of 5.81% until December 2018 when, subject to certain criteria being met, the interest rate falls to 3.8%. The loan is secured by a fixed and floating charge over the property.

The loan from fellow subsidiary undertaking terminates in March 2032 and is not repayable by instalments. The interest rate was 6% (2016: 6%).

## THE TOWER LIMITED PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

#### 12 Financial instruments

The carrying amounts of the Partnership's financial instruments at 31 December were as follows.

	2017 £'000	2016 £'000
Financial assets:		
- Debtors (excluding prepayments and accrued income) stated at amortised cost	1,605	1,060
Financial liabilities:		
- Creditors (excluding other tax and social security and deferred income) stated at amortised cost	289,240	284,205

#### 13 Reconciliation of profit for the year to net cash generated from operations

	2017 £'000	2016 £'000
Profit for the year	8,944	26,486
Adjustments for:		
- Fair value gains on investment properties	(2,980)	(22,855)
- Interest receivable	(15)	(6)
- Interest payable	15,332	14,343
Movements in working capital		
- (Increase)/decrease in debtors	(9,043)	1,514
- Increase in creditors	3,625	4,604
Net cash generated from operations	15,863	24,086

#### 14 Immediate and Ultimate Controlling Party

In the opinion of the General Partner, the immediate parent entity is the Tower Unit Trust and the ultimate parent company is Ki Corporation Limited, a company registered in Jersey.

Ki Corporation Limited is the parent of the group for which consolidated accounts are prepared of which the partnership is a member. The registered office of Ki Corporation Limited is 28 Esplanade, St Helier, Jersey, JE2 3QA, Channel Islands.