

SOUTH QUAY PROPERTIES LIMITED
Registered Number: 2830131

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



SOUTH QUAY PROPERTIES LIMITED

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SOUTH QUAY PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

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

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Canary Wharf Holdings Limited (CWHL), 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 is currently dormant.

DIVIDENDS AND RESERVES

The company did not trade during the year and hence the directors do not recommend the payment of a dividend (1998:Nil).

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.

YEAR 2000 COMPLIANCE

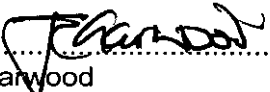
The Group has assessed the impact of the Year 2000 issue on its reporting systems and operations and on the basis of this assessment has formulated an action plan for dealing with the issues associated with the date change, with a view to rectifying any Year 2000 problem before 2000 and minimising the 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.

SOUTH QUAY PROPERTIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

BY ORDER OF THE BOARD


..... Company Secretary
J Garwood

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.

SOUTH QUAY PROPERTIES LIMITED

BALANCE SHEET AS AT 30 JUNE 1999

	Notes	30 June 1999	30 June 1998
		£	£
CURRENT ASSETS			
Debtors	4	3,109,618	3,109,618
		<u>3,109,618</u>	<u>3,109,618</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(3,109,617)	(3,109,617)
NET ASSETS		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	6	1	1
Profit and loss account		-	-
SHAREHOLDERS' FUNDS - EQUITY	7	<u>1</u>	<u>1</u>

The company recorded neither a profit nor loss during the year to 30 June 1999.

There were no other recognised gains or losses for 1999 or 1998.

The notes on pages 5 to 6 form part of these accounts.

During the period from 30 June 1998 to the date of signing these accounts, the company was dormant as defined by Section 221 of the Companies Act 1985 and has passed a special resolution, under Section 250, to dispense with the requirement to have an audit.

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



A P ANDERSON
DIRECTOR

SOUTH QUAY PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999

1 PRINCIPAL ACCOUNTING POLICIES

The Accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards, all of which have been applied consistently throughout the year and the preceding year.

In accordance with the provisions of Financial Reporting Standard (FRS) 1 (Revised), a cashflow statement has not been prepared as the company is a wholly owned subsidiary of a body incorporated in the European Union. A consolidated cashflow statement will be included in the accounts of Canary Wharf Group plc.

2 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.

3 TAXATION

No charge for taxation has been made since the company recorded neither a profit nor loss for the year. There is no unprovided deferred taxation. The group has substantial tax losses which may impact on the company's future tax charge.

4 DEBTORS

	30 June 1999	30 June 1998
	£	£
Amount owed by parent undertaking	1	1
Amounts owed by fellow subsidiary undertakings	3,109,617	3,109,617
	<u>3,109,618</u>	<u>3,109,618</u>

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 1999	30 June 1998
	£	£
Amounts owed to parent undertaking	3,104,472	3,104,472
Amounts owed to fellow subsidiary undertakings	5,145	5,145
	<u>3,109,617</u>	<u>3,109,617</u>

SOUTH QUAY PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999

6	SHARE CAPITAL	30 June 1999	30 June 1998
		£	£
	Equity Shares		
	Ordinary shares of £1 each		
	Authorised	<u>100</u>	<u>100</u>
	Issued, allotted and fully paid	<u>1</u>	<u>1</u>
7	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
			£
	Shareholders' funds as at 30 June 1998 and 30 June 1999		<u>1</u>
8	RELATED PARTIES		

The company's immediate parent undertaking is Canary Wharf Holdings 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.