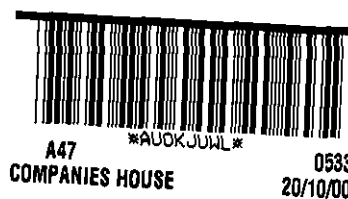


SOUTH QUAY PROPERTIES LIMITED
Registered Number: 2830131

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2000



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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

The directors present herewith the accounts for the year ended 30 June 2000.

ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Canary Wharf Holdings Limited (CWHL), a company registered in England and Wales. The company's ultimate UK parent is Canary Wharf Group plc (CWG).

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 (1999:Nil).

DIRECTORS

The directors of the company during the year ended 30 June 2000 were:


A P Anderson II
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 are disclosed in the accounts of either CWHL or CWG, as appropriate.

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 2000 or at any time throughout the year then ended.

BY ORDER OF THE BOARD


..... Company Secretary
J R Garwood

19 September 2000

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

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company Law requires the directors 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 year 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 are responsible for keeping 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. They are also responsible 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 2000**

	Notes	30 June 2000 £	30 June 1999 £
CURRENT ASSETS			
Debtors	4	3,109,617	3,109,618
		<u>3,109,617</u>	<u>3,109,618</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	5	(3,109,616)	(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 2000.

There were no other recognised gains or losses for 2000 or 1999.

The notes on pages 4 to 5 form part of these accounts.

During the period from 30 June 1999 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 19 SEPTEMBER 2000 AND SIGNED ON ITS BEHALF BY:



A P ANDERSON II
DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000**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.

Auditors' remuneration has been borne by another group undertaking.

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 any future tax charge of the company.

4 DEBTORS

	30 June 2000	30 June 1999
	£	£
Amount owed by parent undertaking	-	1
Amounts owed by fellow subsidiary undertakings	3,109,617	3,109,617
	<u>3,109,617</u>	<u>3,109,618</u>

5 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2000	30 June 1999
	£	£
Amounts owed to parent undertaking	3,104,471	3,104,472
Amounts owed to fellow subsidiary undertakings	5,145	5,145
	<u>3,109,616</u>	<u>3,109,617</u>

SOUTH QUAY PROPERTIES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2000

6 CALLED-UP SHARE CAPITAL	30 June 2000	30 June 1999
	£	£
Equity Shares		
Ordinary shares of £1 each		
Authorised	<u>100</u>	<u>100</u>
Allotted, called-up, and fully paid:	<u>1</u>	<u>1</u>

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Shareholders' funds as at 30 June 1999 and 30 June 2000	<u>1</u>

8 RELATED PARTIES

The company's immediate parent undertaking is Canary Wharf Holdings Limited, a company registered in England and Wales. The company's ultimate UK parent is Canary Wharf Group plc, a company registered in England and Wales.

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.