

SOUTH QUAY PROPERTIES LIMITED
Registered number: 2830131

**DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD FROM INCORPORATION
ON 24 JUNE 1993 TO 31 OCTOBER 1994**



SOUTH QUAY PROPERTIES LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD FROM INCORPORATION ON 24 JUNE 1993 TO 31 OCTOBER 1994

The Directors present herewith the accounts for the period ended 31 October 1994.

INCORPORATION AND NAME CHANGE

The company was incorporated on 24 June 1993 as Alnery No 1303 Limited. On 17 September 1993 the company changed its name to South Quay Properties Limited.

ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Canary Wharf Holdings Limited (CWHL), a company registered in England. The company's ultimate parent undertaking is Sylvester Investments Limited (SIL), a company controlled by a consortium of certain of the lenders to the Canary Wharf group.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is property trading.

On 18 June 1993, the company acquired a long leasehold interest in a property within the Isle of Dogs, in London's Docklands.

On 24 March 1994, the company sold its long leasehold interest to a third party for consideration of £3,500,000.

SHARE CAPITAL

During the period one ordinary share of £1 was issued for cash at par value. Details of the company's share capital are shown in note 7 to the accounts.

DIVIDENDS AND RESERVES

The profit and loss account for the period is set out on page 5. The Directors recommend the payment of a dividend of £3,104,472 for the period and there is no retained profit to be transferred to reserves.

DIRECTORS

The Directors of the Company during the period to 31 October 1994 were:

PF Garner	(appointed 1 November 1993)
G Iacobescu	(appointed 29 July 1994)
Sir Peter Levene KBE	(appointed 1 November 1993)
G Rothman	(appointed 13 October 1993, resigned 2 June 1994).

Alnery Incorporations No 1 Limited and Alnery Incorporations No 2 Limited, appointed Directors on incorporation, resigned on 13 October 1993.

SOUTH QUAY PROPERTIES LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD FROM INCORPORATION ON 24 JUNE 1993 TO 31 OCTOBER 1994 (CONTINUED)

DIRECTORS' INTERESTS


No Director had any beneficial interest in the shares of the company or any subsidiary undertaking of SIL at 31 October 1994 or at any time during the period.

During the year the group, of which the company is a member, purchased and maintained for its Directors liability insurance against liabilities in relation to the group, as described in section 310(3)(a) of the Companies Act 1985.

AUDITORS

Price Waterhouse have expressed their willingness to act as auditors and a resolution confirming their appointment will be submitted at the Annual General Meeting.

BY ORDER OF THE BOARD


.....) Company Secretary
M D Precious

 April 1995

SOUTH QUAY PROPERTIES LIMITED

STATEMENT OF 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 profit for that period. 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 not appropriate to presume that the Company will continue in business.

The Directors have responsibility for ensuring that the Company keeps 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 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 SOUTH QUAY PROPERTIES LIMITED

We have audited the accounts on pages 5 to 9 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 accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

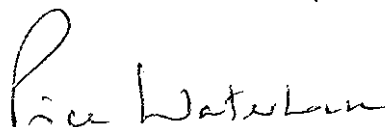
Basis of opinion

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 judgments 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 31 October 1994 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
London
Chartered Accountants
and Registered Auditors

20th April 1995

SOUTH QUAY PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM INCORPORATION ON 24 JUNE 1993 TO 31 OCTOBER 1994

	<u>Notes</u>	31 October <u>1994</u> £
Turnover	1(c)	3,500,000
Cost of sale		<u>(208,247)</u>
OPERATING PROFIT - Continuing operations	2	3,291,753
Administration costs		(191,853)
Other operating income		<u>4,572</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,104,472
Taxation on profit on ordinary activities	3	<u>-</u>
PROFIT FOR THE FINANCIAL PERIOD		3,104,472
Dividend		<u>(3,104,472)</u>
RETAINED PROFIT FOR THE FINANCIAL PERIOD	8	<u>-</u>

Movements in reserves are shown in note 8 to these accounts.

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

The notes on pages 7 to 9 form part of these accounts.

SOUTH QUAY PROPERTIES LIMITED

BALANCE SHEET AS AT 31 OCTOBER 1994

	<u>Notes</u>	31 October <u>1994</u> £
FIXED ASSETS		
Tangible Fixed Assets	4	<u>-</u>
CURRENT ASSETS		
Debtors	5	3,109,618
CREDITORS: amounts falling due within one year	6	<u>(3,109,617)</u>
NET CURRENT ASSETS		<u><u>1</u></u>
CAPITAL AND RESERVES		
Called up share capital	7	1
Profit and Loss account	8	<u>-</u>
		<u><u>1</u></u>

APPROVED BY THE BOARD ON ^{20th} APRIL 1995 AND SIGNED ON ITS BEHALF BY:

P.F. Garner

P F GARNER
FINANCE DIRECTOR

The notes on pages 7 to 9 form part of these accounts.

SOUTH QUAY PROPERTIES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 OCTOBER 1994

1 PRINCIPAL ACCOUNTING POLICIES

A summary of the accounting policies which have been followed in the accounts of the company is set out below.

(a) Accounting convention

The accounts were prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Tangible fixed assets

Tangible fixed assets, comprising leasehold property interests held for investment, were stated at cost.

(c) Turnover

Turnover represents proceeds from the sale of property interests.

2 OPERATING PROFIT ON CONTINUING OPERATIONS

(1) Auditors' remuneration

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

(2) Directors' emoluments

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

(3) Employee information

No staff were employed by the company other than directors.

3 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

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

4 TANGIBLE FIXED ASSETS

Cost and net book amount:

	<u>Long leasehold</u>
	£
Additions	100
Disposals	<u>(100)</u>
Balance at 31 October 1994	<u><u>-</u></u>

SOUTH QUAY PROPERTIES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 OCTOBER 1994 (CONTINUED)

4 TANGIBLE FIXED ASSETS (Continued)

On 30 March 1994, the company acquired a long leasehold interest in property within London Docklands. On 2 June 1994 the company disposed of this interest to a third party at a profit of £3,291,753.

5 DEBTORS

	£
Amount due from parent undertaking	1
Amounts due from fellow subsidiary undertakings	<u>3,109,617</u>
	<u>3,109,618</u>

6 CREDITORS: amounts falling due within one year

	£
Amount due to parent and fellow subsidiary undertakings	<u>3,109,617</u>

7 CALLED UP SHARE CAPITAL

	31 October 1994 £
Ordinary shares of £1:	
Authorised:	<u>100</u>
Issued, allotted, and fully paid:	<u>1</u>

During the period, one ordinary share of £1 was issued for cash at par value, being the initial share capital of the company.

8 PROFIT AND LOSS ACCOUNT

	£
Retained profit for period	<u>-</u>
At 31 October 1994	<u>-</u>

9 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£
Issue of share capital	1
Retained profit for the period	<u>-</u>
Shareholders' funds as at 31 October 1994	<u>1</u>

SOUTH QUAY PROPERTIES LIMITED

NOTES TO THE ACCOUNTS AS AT 31 OCTOBER 1994 (CONTINUED)

10 FINANCIAL COMMITMENTS

As at 31 October 1994 the company had given a fixed charge over substantially all its assets and a floating charge over the remainder against the following bank borrowings:

- i) term loans totalling £278.9 million made available to the Canary Wharf group.
- ii) construction loan liabilities totalling £578 million plus the accumulated interest that would arise in the event of any member of the group becoming insolvent or a liquidator, administrator, receiver or similar officer being appointed or upon the occurrence of any other relevant event of default.
- iii) loan due to the European Investment Bank (EIB) of £50 million plus the accumulated interest that would arise in the event of any member of the group becoming insolvent or a liquidator, administrator, receiver or similar officer being appointed or upon the occurrence of any other relevant event of default.

11 ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Canary Wharf Holdings Limited (CWHL), a company registered in England. The company's ultimate parent company is Sylvester Investments Limited (SIL), a company controlled by certain of the lenders to the Canary Wharf group.

The smallest and largest groups into which the accounts of the company are consolidated are the group accounts of CWHL and SIL. Copies of these accounts may be obtained from One Canada Square, Canary Wharf, London E14 5AB.