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CANARY WHARF GROUP INVESTMENT HOLDINGS PLC

Registered number: 05043352

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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CONTENTS

	Page
Highlights	3
Strategic Report	4
– Principal activities	4
– Property portfolio	4
– Office leasing	4
– Retail	4
– Construction	5
– Future development	5
– Valuations	6
– Operating results	7
– Consolidated balance sheet and key performance indicators	8
– Principal risks and uncertainties	9
– Treasury objectives and risks	11
– Corporate policies	12
– People	14
– Section 172 (1) Statement	16
– Going concern	17
Directors' Report	18
Independent Auditor's Report to the Members of Canary Wharf Group Investment Holdings plc	23
Consolidated Financial Statements:	
– Consolidated Income Statement	30
– Consolidated Statement of Comprehensive Income	31
– Consolidated Statement of Changes in Equity	32
– Consolidated Balance Sheet	33
– Consolidated Cash Flow Statement	34
Notes to the Consolidated Financial Statements	35
Company Balance Sheet	72
Statement of Changes in Equity	73
Notes to the Company's Financial Statements	74
Definitions	85

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HIGHLIGHTS

Results and NAV (*)

- The underlying profit before tax for the year was £51.9m (2020 – £84.3m). The reduction of £32.4m or 38.4% was attributable to a decrease in underlying operating profit of £13.5m and an increase in net financing costs of £18.4m. Underlying net interest payable included the accelerated amortisation of deferred financing costs totalling £4.3m attributable to the refinancings in the year.
- Capital and other items recognised in the Income Statement comprised swap break costs and movements in the fair value of properties and derivative financial instruments totalling £53.3m (2020 – loss of £588.0m).
- The profit after tax for the year was £93.7m (2020 – loss of £511.3m).
- Net assets were £3,792.6m at 31 December 2021, an increase of £101.6m or 2.8% from £3,691.0m at 31 December 2020 as a result of the reported profit after tax.
- Adjusted NAV per share reduced by 8p to £5.62 at 31 December 2021 from £5.70 at 31 December 2020, a reduction of 1.4% .
- The Group paid its third REIT distribution of £3.7m in December 2021.

Portfolio valuation

- The carrying value of the total portfolio increased by £55.3m or 0.7% over the year from ££8,087.0m at 31 December 2020 to £8,142.3m at 31 December 2021, net of capital expenditure and tenant incentives.
- Office investment portfolio fair value reduced by £152.1m from £5,741.5m to £5,589.4m over the year primarily due to shorter remaining lease terms.
- Retail investment portfolio fair value reduced by £15.5m over the year from £867.4m to £851.9m as a result of an increase in ERVs.
- The PRS buildings which were completed in 2021 including those which have been built for the benefit of the community, increased in fair value by £44.6m to £682.3m.
- The valuation of properties under construction increased by £18.8m allowing for capital expenditure and the transfers to investment properties on completion of the properties referred to in Development programme *pipeline progress below*.
- Properties held for development increased in value by £10.8m in the year after allowing for the reclassification of 5/8 Harbord Square to property under construction held for sale and adjustments on completion of the sites referred to in Development programme pipeline progress below.

Continued leasing activity and secure income stream

- Weighted average office lease term at 31 December 2021 11.5 years or 9.5 years assuming exercise of breaks (2020 – 12.3 years or 10.4 years respectively).
- Office lettings of 223,467 sq ft (2020 – 66,200 sq ft) in the year for the existing completed estate.
- Completed investment office portfolio 94.4% let (2020 – 95.2%).

Secure financial position

- £906.3m Green Bonds issued in April 2021 at a weighted average interest rate of 3.1% in 3 tranches; £350.0m for 4 years, £300.0m for 7 years and €300.0m (or £256.3m) for 5 years.
- £700.0m retail loan, £89.4m 15 Westferry Circus loan and £40.0m 7 Westferry Circus loan repaid and shareholder loan cancelled.
- £30.0m 3 year RCF agreed in the period, none of which was drawn at 31 December 2021.
- Average loan maturity of 6.2 years (31 December 2020 – 6.6 years).
- Committed construction loan financing of £711.5m in place to develop Group properties of which £136.6m remained undrawn at 31 December 2021.

Development programme pipeline progressing

- Practical completion achieved on the Newfoundland PRS building.
- Practical completion achieved on 2 affordable and one intermediate housing sites.
- The GP surgery and school on Wood Wharf were handed over and are being fitted out.
- Sites with capacity for a further 7.2m sq ft held for future development.
- Practical completion achieved on the 2 floating retail pavilions in Wood Wharf.

Notes:
For further information on the above, refer to the Strategic Report. A list of defined terms is provided in Definitions.

* The Group uses a number of Alternative Performance Measures ("APMs") which are not defined or specified within IFRS. The directors use these measures in order to assess the underlying operational performance of the Group and allow greater comparability between periods but do not consider them to be a substitute for IFRS measures. See Note 1(x) and Note 4 and the Consolidated balance sheet and key performance indicators section of the Strategic Report for further information.

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STRATEGIC REPORT

This Strategic Report has been prepared in order to provide additional information on the Group's strategic direction.

The Strategic Report contains certain forward looking statements. These statements are made by the Board in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including economic and business risk factors, underlying any such forward looking information.

The Board, in preparing this Strategic Report, has complied with Section 414c of the Act.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Company and its subsidiary undertakings when viewed as a whole.

A list of defined terms used throughout these financial statements is provided in Definitions.

Principal activities

The principal asset of the Company is its indirect 100.0% investment in Canary Wharf Group plc, which is engaged in property investment and development and is currently primarily focused on the development of the Estate.

Property portfolio

At 31 December 2021, the Group's investment property portfolio comprised 27 completed properties which are wholly owned, together with interests in 3 other properties through joint ventures (out of the 48 constructed on the Estate). The wholly owned portfolio comprises 6.8m sq ft of office space, 0.9m sq ft of retail and 0.7m sq ft of PRS. In addition, the Group holds 50.0% interests in 2 PRS buildings for rent, totalling 0.4m sq ft, and a 10.0% interest in a 1.0m sq ft office building.

As well as the rental income generated from completed properties, income is generated from managing the entire Estate, which in addition to the completed properties owned by the Group at 31 December 2021, includes 18 properties totalling 8.5m sq ft in other ownerships.

Office Leasing

Office lettings in the completed investment portfolio, (including lease renewals) were concluded for 223,467 sq ft for an average term to expiry of 6.0 years at an average rent of £46.65 per sq ft, within the range of ERVs assumed by the valuers. Since year end, a further 104,734 sq ft of lettings (including lease renewals) were concluded which brings the total to 328,201 sq ft with an average rent of £49.02 per sq ft and an average term to expiry of 5.4 years.

In 40 Bank Street, a new letting was achieved with Citi comprising 94,460 sq ft on a flexible lease term of 3.6 years. In addition, lease renewals were agreed with WallStreetDocs (4,540 sq ft). Delta Capita (5,076 sq ft) and Volante (1,971 sq ft) each for a one year term.

In One Canada Square, 2 Brookfield owned entities took expansion space on part of floor 26 comprising 6,135 sq ft and 8,524 sq ft for a 12 year term to coincide with their expiry on floor 25. World Fuel Services took 11,267 sq ft on floor 28 on a 10 year term with a 5 year break option. Tramontana took 1, 430 sq ft on floor 10 on a 5 year term with a 3 year break option.

A lease renewal was agreed with BBVA in One Canada Square comprising 17,246 sq ft for a 10 year term. Subsequently, BBVA agreed to renew on the remainder of floor 44 comprising 10,274 sq ft. A break option was removed in Equilend's lease (5,100 sq ft) on floor 36 which was effective December 2021 with the term expiring in December 2024. In addition, a restructure of Regus's 10 year lease on 28,435 sq ft was completed with a revised rental structure.

In 7 Westferry Circus, a break was removed from Revolut's lease (79,721 sq ft) which was effective in March 2023 with the term expiring in October 2024. In addition, Digital Shadows (15,509 sq ft) extended their break option from October 2020 to January 2023.

At 20 Water Street, Wood Wharf, a new letting was completed with JLL on Levels 2 and 3 comprising 38,559 sq ft for a 10.2 year term with a rolling break option between 4.75 years and 5.75 years.

Retail

As with 2020, the UK Retail Market has been dominated in 2021, by Government regulations and advice in relation to COVID. Notwithstanding the significant difficulties experienced by the retail and leisure sectors caused by the pandemic, a number of transactions were agreed as retailers and restaurateurs appreciated that Canary Wharf was recovering faster than other areas of London. In 2021, CWG undertook 28 new lettings, 9 lease renewals and 11 temporary lettings were exchanged. At 31 December 2021, 15 new lettings and 4 lease renewals were in solicitors' hands. In addition, 7 further lettings were under offer or at an advanced stage. The Group

has provided support to the retail tenants at Canary Wharf on a case by case basis to assist them in continuing to trade through the downturn. These concessions are reducing as the market recovers and we expect this support to finish shortly.

As at 31 December 2021, 97.1% (2020 – 94.8%) of retail units were let.

At Wood Wharf, Amazon Fresh, Hawksmoor, Emilia's Pasta and Vow are open and trading. Four tenants are currently fitting out with a further 4 tenants to begin fitout in Q2 2022.

Construction

Heron Quays West
EBRD continued fitting out their space in 5 Bank Street ahead of their anticipated occupation date in July 2022 and the Group commenced fitting out of the EBRD lobby on the ground floor with completion due prior to the EBRD occupation date. The Group's construction obligations at the adjacent Quay Club were completed in 2020, although the tenant has yet to commence its fitting out works.

Wood Wharf
Work has completed on various affordable and community use projects comprising a school, GP surgery, 2 affordable rental buildings and one intermediate affordable rental building to support the initial phase of residential offering at Wood Wharf and the first tenants have now taken up occupation of the rental buildings. The school and GP surgery have been handed over to the relevant authority for fitting out. The commercial buildings comprising 15 Water Street and 20 Water Street achieved base build practical completion in November 2021 although significant fitout works continue to be carried out in both buildings which will be reclassified as investment property in 2022. Substructure works were completed on the new PFS building at 5/8 Harbord Square and superstructure works have commenced.

The Water Street floating pavilions were completed in October 2021 and handed over for retail fitout by their tenants.

Phase 2 of the Wood Wharf district will consist of 8 buildings with a total area of approximately 607,000 sq ft of which 409,000 sq ft is offices, 80,000 sq ft is serviced apartments and 118,000 sq ft is retail/leisure use. Design of the buildings is being progressed to the tender information stage and construction of the Phase 2 basements and enabling works have been completed ahead of construction commencement.

Construction of the One Charter Street aparthotel is ongoing with sub and superstructure concrete complete and the first modular hotel units due in early 2022. This site is being developed by the Edyn joint venture. Caledonian Modular Limited, a key supplier on this project entered Administration on 9 March 2022 and the assets of the company have subsequently been acquired by JRL Group. The Group is working with the company and its new owners to minimise the impact on this project, although practical completion will be delayed.

Phase 3 of the Wood Wharf district completes the residential phases of the Master Plan. Occupying prominent waterside positions, the 5 buildings are expected to provide approximately 1.3m sq ft and is anticipated to deliver 1,316 private units and 307 affordable housing units, together with amenities, public realm and supporting retail space. Preliminary work has commenced on piling to 40 Charter Street and 50–60 Charter Street following Board approval.

Newfoundland
Practical completion was achieved in the year and the building was launched to the market in Q2 2021 and at 31 December 2021, the building was 48.0% let.

The offsite affordable housing of 115 apartments at Barchester Street has been completed and handed over to London Borough of Tower Hamlets with the first tenants in occupation.

Future development

Park Place has planning consent for approximately 650,000 sq ft of office space although further progression of this scheme is reliant on achieving a prelet. Design proposals have been developed to bring forward a major PRS led scheme on the site, supported by other uses, to further animate and diversify the western end of Canary Wharf. The planning application has been submitted with determination expected in Q3 2022.

The development site at North Quay has been granted outline planning consent for almost 3.8m sq ft GIA across a range of uses including office, residential, hotel or serviced apartments, co living space, retail and leisure including life science buildings. The Group believes that this mix and configuration is more appropriate for the site and anticipated market.

The remaining phases of Wood Wharf totalling 1.5m sq ft comprising a mix of private rental, retail and commercial office uses are being appraised for development.

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STRATEGIC REPORT (Continued)

In summary, the total development capacity at each of the Group's development sites, excluding sites under development, is currently as follows:

	NIA m sq ft
Total development pipeline:	
Canary Wharf, based on existing and/or proposed consents:	
– Heron Quays West	0.84
– North Quay (existing consent)	2.54
– One Park Place (existing consent)	0.68
– Wood Wharf	3.21
	7.27

Valuations

The following table shows the carrying value of the Group's properties for accounts purposes in comparison with the valuations provided by the external valuers.

		31 December 2021		31 December 2020	
	Note	**Carrying value £m**	**Market value in existing state £m**	Carrying value £m	Market value in existing state £m
Investment properties	(i)	**6,870.9**	**7,123.6**	6,317.5	6,547.6
Properties under construction	(ii), (iii)	**258.5**	**264.2**	743.9	745.9
Properties held for development	(iv)	**981.6**	**919.4**	1,025.6	963.4
Properties held for sale		**31.3**	**30.6**	-	-
		8,142.3	**8,337.8**	8,087.0	8,256.9

Note:
(i) The carrying value represents market value less an adjustment for lease incentives and deferred lease negotiation costs. The tenant incentives and deferred lease negotiation costs adjustment at 31 December 2021 was £252.7m (31 December 2020 – £230.1m). Market value in existing state is shown prior to these amounts.
(ii) The carrying value represents market value less an adjustment for tenant incentives and deferred lease negotiation costs of £5.7m (31 December 2020 – £2.0m).
(iii) At 31 December 2021, comprised, 2 commercial buildings at Wood Wharf (31 December 2020 – comprised Newfoundland, 2 commercial buildings and 2 retail pavilions at Wood Wharf and associated intermediate, affordable and community use buildings).
(iv) Includes Wood Wharf subject to a 250 year lease. The present value of the ground rents payable under this lease was calculated at £62.2m at 31 December 2021 (31 December 2020 – £62.2m) (Note 22). The market value in existing state is shown prior to this amount.

At 31 December 2021, the yields derived from the market valuation of the investment properties can be summarised as follows:

	31 December 2021 %	31 December 2020 %
Office portfolio:		
Weighted average initial yield	**3.6**	3.6
Weighted average equivalent yield	**4.8**	4.9
Retail portfolio:		
Weighted average initial yield	**5.4**	5.1
Weighted average equivalent yield	**6.1**	5.9

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STRATEGIC REPORT (Continued)

After allowing for capital expenditure and adjustments in respect of tenant incentives, the carrying value of the investment portfolio reduced by £123.1m. Within this, the retail portfolio reduced in value by £27.3m net of capital expenditure and transfers of completed property. This was primarily attributable to an increase in yields.

The office portfolio reduced in value by £140.3m net of capital expenditure. Office valuation yields remained stable over the year. The reduction in valuation was attributable primarily to those office properties with shorter lease maturities and/or vacancy.

During the year the practical completion of Newfoundland and the intermediate, affordable and community use buildings and 2 retail pavilions at Wood Wharf was achieved. There was a revaluation uplift of £44.6m on these buildings. At 31 December 2021, property under construction to be retained comprised 2 commercial buildings at Wood Wharf. These properties were valued at £281.7m at the year end.

The Group has commenced construction on a PFS building at 5/8 Harbord Square which will comprise 82 loft style apartments to be constructed for sale. Construction of this project is anticipated to be completed in early 2024. The building was transferred to properties for sale and is carried at the lower of cost and net realisable value.

The valuers have provided their opinions of the market value for sites held for development, which comprised North Quay, 10 Bank Street, One Park Place and the remainder of Wood Wharf. These sites were valued in aggregate at £919.4m at 31 December 2021. This represents an increase of £10.8m after expenditure in the year. The valuation at 31 December 2021 is equivalent to approximately £126.46 psf.

In total, the valuation of the portfolio, net of capital expenditure and the accounting adjustments required for tenant incentives and deferred negotiations costs, reduced by £93.5m in the year as a result of the valuation movements referred to above.

Operating results

The following review of the Group's operating results relates to the year ended 31 December 2021. The comparatives relate to the year ended 31 December 2020.

Revenue is generated primarily by the rents and service charges earned by the Group from its property interests on the Estate, together with turnover recognised on construction contracts and fees earned from construction and development management agreements.

Total revenue for 2021 was £419.7m, compared with £426.8m for 2020, of which rental income (after adjustments required to spread lease incentives and committed rent increases) increased from £288.1m to £295.9m. Office rental income reduced by £0.6m to £240.7m in 2021, primarily attributable to lease breaks. Retail rental income increased by £6.4m from £48.8m in 2020 to £55.2m in 2021. The increase was a result of the impact of the pandemic on the retail sector in 2020 and the relaxing of rules in 2021. Rental income for both years is stated net of adjustments for concessions granted to tenants. Residential rental income of £3.4m was recognised in 2021 following the completion of Newfoundland and the intermediate and affordable buildings during the year.

Service charge income increased marginally from £95.3m for 2020 to £95.6m for 2021. Other tenant recoveries reduced from £25.5m for 2020 to £21.6m for 2021 and include insurance rents, the provision of tenant specific services outside the standard service charge and fees recognised on the provision of development and construction management services. In 2021, the Group also received £3.2m (2020 – £17.9m) from surrender premiums and dilapidations as a result of the exercise of contractual lease break options.

Cost of sales includes rents payable, property management costs, including refurbishment and repair costs and movements on provisions for certain lease commitments. Cost of sales also includes operating expenditure on the residential rental buildings.

Rents payable and property management costs were £136.1m for 2021 in comparison with £127.6m for 2020. Taking into account service charge and other tenant recoveries totalling £117.2m for 2021 (2020 – £120.8m), a deficit was recorded on property management of £18.9m (2020 – £6.8m). The deficit was attributable in part to service charge voids in the Estate's car parks and in part to unlet space, on which service charges, rates and insurance were not recoverable. Cost of sales for 2021 also included a provision of £1.3m for refurbishment costs on space becoming vacant in the year compared with £8.2m in 2020 and costs associated with residential lettings of £5.6m.

Net development, rental and related income for 2021 was £276.7m, a decrease of £14.2m compared with 2020, primarily attributable to the factors disclosed above.

Underlying administrative expenses for 2021 were £55.6m in comparison with £58.4m for 2020, a reduction of £2.8m. This was primarily attributable to lower staff costs.

Other income of £8.4m was recorded in 2021 in comparison with £11.5m in the previous year. The total for 2020 included £4.3m relating to the grant of redevelopment rights to a property at Canary Wharf in third party ownership.

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STRATEGIC REPORT (Continued)

Underlying operating profit (as defined in Note 4) for 2021 was £229.8m in comparison with £243.3m for 2020. The decrease of £13.5m was mainly attributable to the decrease in net operating income.

A net revaluation deficit of £93.5m (Note 6) was recognised in the Consolidated Income Statement in the year compared with a deficit of £514.4m in 2020. The changes in the valuation of the property portfolio are explained in more detail in Strategic Report – Valuations.

The share of profits from associates and joint ventures after interest was £4.4m in 2021 in comparison with losses of £2.1m in 2020. The profit in 2021 was primarily attributable to the Group's 50.0% share of the revaluation increase in the Vertus joint ventures, comprising the PRS buildings at 10 George Street and 8 Water Street on Wood Wharf. Following successful leasing activity, an operating profit of £0.3m was recognised in 2021, although net interest payable was £4.1m. The net loss in 2020 was attributable to the Group's share of the Vertus joint ventures' operating losses including net interest payable in the first year of operation. The Group's share of the revaluation deficit on 10 Upper Bank Street for 2021 was £2.2m (2020 – £4.9m). Revaluation movements are classified as capital and other items.

Total operating profits for 2021 were £142.3m, compared with losses of £273.8m in 2020. The return to operating profit arose as the significant capital losses in 2020 were not repeated.

Underlying net financing costs (Note 7) for 2021 were £178.0m compared with £159.0m for 2020. Underlying net financing costs are stated net of £26.4m of interest which has been capitalised and transferred to certain development properties (2020 – £42.5m). This amount includes the finance charge relating to the Group's borrowings which are deemed to have been utilised in financing those properties with significant development activity. The reduction in capitalised interest reflects the completion of projects under construction in the year as referred to in the Strategic Report – Property Portfolio and the private members club in October 2020. Excluding interest capitalised, the Group's interest payable was £204.4m for 2021, in comparison with £202.1m for the previous year. 2021 included the accelerated amortisation of deferred finance costs totalling £4.3m following the refinancing of the loans secured against 7 and 15 Westferry Circus compared with £1.2m in 2020 following the loan refinancing on 1 Bank Street and part repayment of the shareholder loan. 2021 also included the Group's share of net interest payable incurred by the Vertus entities of £4.1m following the completion of 10 George Street and 8 Water Street compared with £3.6m in 2020.

Movements in the fair value of derivative financial instruments including the £4.4m cost of breaking the retail loan swap of which £1.2m was accrued prior to the break and hedging reserve recycling resulted in a net gain of £140.8m being recognised in the Consolidated Income Statement under capital and other items in 2021 compared with a net loss of £70.9m in 2020.

The profit for the year before tax for 2021 was £105.2m in comparison with a loss of £503.7m for 2020. The results for both 2021 and 2020 included certain capital and other profits and losses as described above. Underlying profit before tax for 2021 was £51.9m in comparison with £84.3m for 2020. This included a decrease in underlying operating profit of £13.5m referred to above and an increase in net financing costs of £18.4m.

Tax for 2021 comprised a corporation tax charge of £22.6m and a deferred tax credit of £11.1m. Tax for 2020 comprised a corporation tax charge of £5.1m and a deferred tax charge of £2.5m. The release of deferred tax was primarily driven by changes to the tax status of one office property transferred to REIT status in the year. The tax position of the Group is further disclosed in Note 8.

Including capital and other items, the profit for the year after tax for 2021 was £93.7m in comparison with a loss of £511.3m for 2020.

The basic and diluted earnings per share (Note 4) for 2021 was 12.7p (2020 – losses of 69.1p). There were no adjustments required in respect of dilutive instruments at either 31 December 2021 or 31 December 2020.

Consolidated balance sheet and key performance indicators

Net assets in the Group's Consolidated Balance Sheet were £3,792.6m at 31 December 2021 in comparison with £3,691.0m at 31 December 2020. The increase in net assets over the year of £101.6m was primarily attributable to the profit after tax for the year of £93.7m which includes valuation movements on the property portfolio and on derivative financial instruments and a reduction in the deficit on the hedging reserve of £11.5m. A distribution of £3.7m was paid prior to the year end. This was the Group's third distribution since becoming a REIT in March 2018 and a total of £24.3m has been distributed at December 2021.

The Company's objective is to maximise NAV from managing the Group's property investment and development activities, although the Group is impacted by movements in the wider property market. The Board considers that the most appropriate indicator of the Group's performance is adjusted NAV per share attributable to members of the Company. This measure serves to capture the Board's judgements concerning, inter alia, letting strategy, redevelopment and financial structure.

Adjusted NAV per share excludes deferred tax and fair value adjustments on derivatives.

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STRATEGIC REPORT (Continued)

In 2015, the Company received capital contributions from its shareholders of £196.8m, of which £153.0m was contributed in cash and £43.8m related to dividends paid by Canary Wharf Group plc to entities not directly or indirectly controlled by the Company at the time and reinvested in the Group. Subsequently the Company acquired those shares in Canary Wharf Group plc that were previously owned by other parties.

Adjusting for capital contributions totalling £153.0m and the cumulative dividends paid since the Group became a REIT of £24.3m, adjusted NAV at 31 December 2021 was £4,162.6m or £5.62 per share at 31 December 2020 in comparison with £4,222.5m or £5.70 per share at 31 December 2020, a reduction of 8p per share or 1.4%.

The calculation of adjusted NAV per share is set out in Note 4. The Group also calculates adjusted NNNAV as this provides information on the performance of the Group in the context of having a significant development pipeline. Adjusted NNNAV per share is set out in the following table which indicates that at 31 December 2021, adjusted NNNAV was £3,447.2m or £4.66 per share in comparison with £3,314.9m or £4.48 per share at 31 December 2020, an increase of £0.18 or 4.0%:

	Note	**31 December 2021 £m**	31 December 2020 £m
Adjusted net assets	(i)	**4,162.6**	4,222.5
Fair value adjustment in respect of financial assets and liabilities net of tax thereon	(ii)	**(708.0)**	(889.1)
Deferred tax	(iii)	**(7.4)**	(18.5)
Adjusted NNNAV		**3,447.2**	3,314.9
Adjusted NAV per share	(i)	**£5.62**	£5.70
Adjusted NNNAV per share	(iv)	**£4.66**	£4.48

Note:
(i) Refer to Note 4.
(ii) Comprises the mark to market of derivatives in Note 4 of £491.3m (31 December 2020 – £645.4m) and the difference between the fair value and carrying value of debt of £216.7m (31 December 2020 – £243.7m) disclosed in Note 21.
(iii) Refer to Note 8.
(iv) Calculation based on 740.4m Ordinary Shares in issue at each balance sheet date.

Principal risks and uncertainties

Continuous monitoring of the principal risks and uncertainties facing the business of the consolidated Group has been undertaken through regular assessment and formal quarterly reports to the Audit Committee of the Company. The Board and Audit Committee focus on the risks identified as part of the Group's systems of internal control which highlight, amongst others, key risks faced by the Group and allocate specific day to day monitoring and control responsibilities as appropriate. The current key risks of the consolidated Group include the ongoing impact of COVID–19, the current geo political climate including the recent events in Ukraine and its potential impact on the economy, inflation, the cyclical nature of the property market, departure from the EU, concentration risk, financing risk, interest rate risk and policy and planning risks.

COVID–19 and loan covenants

Since early 2020, the UK economy has been significantly impacted by the COVID–19 virus which has caused widespread disruption and economic uncertainty. The return to lockdown in January 2021 and the extension to the end of lockdown restrictions in July 2021 together with the emergence of the omicron variant continued this uncertainty but the positive news around rollout of vaccines and the recent removal of restrictions has improved the outlook.

While the pandemic has had minimal impact on office rental income from existing tenants where approximately 99.0% of invoiced rent has been collected, in line with December 2020 collection rate, retail rental income was 37.9% lower than the equivalent period in 2020 after adjusting for the impact of granting short term concessions to retail tenants to support them through the lockdowns.

The valuation of the Group's office properties has been resilient notwithstanding the pandemic. The Group's office portfolio comprised 78.0% of the total investment portfolio at 31 December 2021 (31 December 2020 – 87.0%).

While there remains a risk of future falls in valuation, it is not anticipated that this will lead to covenant breaches of the Group's securitisation or the bank loans secured against its office properties as the rental income stream from these properties is predominantly secured against tenants with strong covenants. The loans secured against 7 Westferry Circus and 15 Westferry Circus were repaid in April 2021 with part of the proceeds of the Green Bonds.

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STRATEGIC REPORT (Continued)

A further 12.0% of the investment portfolio comprised the Group's retail and leisure offer. Of the retail rents billed on 1 January 2022, the Group has collected around 84.0%. Footfall has increased significantly through 2022 and it is hoped to get back to pre-pandemic levels shortly. There are likely to be small rent concessions during this period to independents but they will reduce and we may also see increases in corporate events such as administrations or liquidations as investors fail to see the necessary recovery in sales they require together with the recommencement of rates payments and the end of the moratorium on the pursuit of rents . The £700.0m retail loan facility was repaid in April 2021 with part of the proceeds from the Green Bonds.

The remaining 10.0% of the investment portfolio comprised the recently completed Newfoundland building, the intermediate and affordable PRS buildings together with other buildings providing benefits to the community. The Newfoundland construction loan facility has been extended until December 2022 and it is not anticipated that a covenant breach will occur. The Board is confident that this loan which is secured against this building and an offsite affordable building on Lovegrove Walk will be refinanced before the amended repayment date. There are no loans secured directly against the other buildings.

Insofar as the Group's other construction facilities are concerned, the loan which funded the construction of the Quay Club has been converted to an investment loan and the commercial building and infrastructure loans on Wood Wharf are not payable until 2023. The Board is of the view that these time frames should allow sufficient time for the remaining developments to be completed and the loans refinanced.

At the date of approving this report, there remains uncertainty around the longer term impact of COVID–19 on the wider economy. For the Group, this translates into uncertainty around the pace of recovery in the retail market, the time required to complete the Group's construction projects and the time required to lease up the Group's residential and office developments.

Nevertheless, the Group has access to considerable financial resources and at 31 December 2021 the Group had cash and cash equivalents totalling £241.1m of which £98.7m was unrestricted. In addition, undrawn construction loan facilities total £136.6m and £30.0m was available to be drawn under the Group's RCF which expires in April 2024.

The Group also benefits from an office portfolio which at 31 December 2021 was 94.4% let in comparison with 95.2% at the previous year end. The weighted average unexpired lease term for the office portfolio at 31 December 2021 was approximately 11.5 years or 9.5 assuming the exercise of outstanding break options (31 December 2020 – 12.3 years or 10.4 years respectively). Of the square footage under lease at 31 December 2021, 43.2% does not expire or cannot be terminated by tenants during the next 10 years. The Group's office portfolio is let on leases to reliable covenants and therefore provides an income stream which is considered secure notwithstanding the current challenging economic environment. The Group is therefore well placed to withstand the economic downturn which COVID–19 has induced and to benefit from the recovery.

Geopolitical climate
The Group has no contractual relationships with any entity or individuals based in Russia, Belarus or Ukraine. However, the impact of a war in Europe and sanctions targeted at Russia and certain individuals may impact on the UK and world economy, particularly on energy prices. At the current time, the long term impacts of these issues cannot be accurately predicted.

Cyclical nature of the property market
The valuation of the Company and Group's assets are subject to many other external economic and market factors. In recent years, the London real estate market has had to cope with fluctuations in demand caused by key events such as the 2008/2009 financial crisis, uncertainty in the Eurozone, implications of the UK's withdrawal from the EU and the Russian invasion of Ukraine and sanctions imposed on Russia as a consequence. The full impact of the Coronavirus is not yet possible to predict. Any long term continuation of the pandemic will however inevitably affect short and medium term economic performance and confidence, with adverse implications for the property market. The real estate market has to date, however, been assisted by the depreciation of sterling since the UK's exit from the EU and the continuing presence of overseas investors attracted by the relative transparency of the real estate market in London which is still viewed as both relatively stable and secure. Previous Government announcements, in particular the changes to stamp duty, underpinned continuing demand in the residential market and the value of the Group's development sites. Property valuations for office properties let on long leases to good covenants have remained relatively strong despite continuing economic uncertainties which are unhelpful to confidence across the wider real estate sector.

The Board believes the Company is relatively well placed to weather the impact of a change in London's competitive environment. Most tenants at Canary Wharf are on relatively long leases and in the Group's portfolio there is a low vacancy rate. The business has diversified into residential lettings and there has also been a successful move to attract tenants from outside the financial sector, such as public sector and TMT tenants, to take space at Canary Wharf and in the new Wood Wharf district. This has diversified the office portfolio away from financial services. Further diversification has occurred in 2021 with the commencement of construction at 8 Harbord Square

STRATEGIC REPORT (Continued)

Concentration risk
The Group's real estate assets are currently located on or adjacent to the Estate. Although a majority of tenants have traditionally been linked to the financial services industry, this proportion has now fallen to around only 50.0% of tenants. Wherever possible steps are still taken to mitigate or avoid material consequences arising from this concentration. Although the focus of the Group has been on and around the Estate, where value can be added the Group will also consider opportunities elsewhere. The Group is involved as construction manager and joint development manager in the joint venture with Qatari Diar to redevelop the Shell Centre in London's South Bank. The Group has also reviewed current consents for development to react to changes in the market. This review has led to an increased focus on the residential build to rent sector as reflected in the composition of the master plan for the mixed use development at Wood Wharf.

Financing risk
The broader economic cycle inevitably leads to movements in inflation, interest rates and bond yields. Further details on the management of treasury risk can be found in Strategic Report – Treasury objectives and risks and Note 21 which includes a summary of the key financial covenants applicable to each of the Group's facilities.

The current low interest rate environment has supported demand for real estate and higher property valuations as a result of the availability of inexpensive financing. In December 2021, the UK base rate was increased to 0.25% and in February 2022 to 0.5%. In the future, further monetary tightening may occur leading to increases in interest rates. When interest rates increase the value of real estate could be adversely affected. This could negatively impact the value of the Group's real estate assets.

Policy and planning risks
All of the Group's assets are currently located within London. Appropriate contact is maintained with local and national Government, but changes in Governmental policy on planning, tax or other regulations could limit the ability of the Group to maximise the long term potential of its assets. These risks are closely monitored.

Treasury objectives and risks

The principal objectives of the Group's treasury function are to ensure the availability of finance to meet the Group's current and anticipated requirements and to minimise the Group's cost of capital. The treasury function operates as a cost centre rather than a profit centre and does not engage in trading of financial instruments.

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources, and various items such as trade receivables and trade payables that arise directly from its operations.

The Group enters into derivative transactions (principally interest rate swaps and caps) in order to manage the interest rate risk arising from the Group's variable rate borrowings and foreign exchange risk on the Group's Euro denominated debt. Details of the financial risks facing the Group are disclosed in Note 21. The fair value of the Group's debt and the position under its lending covenants can also be found in Note 21 to the consolidated financial statements.

The Group is exposed to interest rate benchmarks within its hedge accounting relationships, which are subject to interest rate benchmark reform. As listed in Note 21, the hedged items included issued sterling GBP LIBOR floating rate debt.

Due to the changes made by LIBOR regulators including the Financial Conduct Authority (FCA) the Group was required to transition away from GBP LIBOR to the Sterling Overnight Index Average Rate (SONIA) by the end of 2021. In response to the requirement, the Group established an IBOR transition programme comprising the following work streams: risk management, tax, treasury, legal, accounting and systems under the governance of the Group Treasurer. The programme successfully enabled a smooth transition from GBP LIBOR to SONIA for all facilities as per the requirement.

The nominal amount of the hedging instruments in those hedging relationships is £1,470.1m.

Borrowings
At 31 December 2021, net debt (including derivative financial instruments at fair value, net of monetary deposits and cash and cash equivalents) stood at £4,620.4m, an increase of £58.2m from £4,562.2m at 31 December 2020. The components of net debt are disclosed in Note 21.

In April 2021 the Group issued £350.0m of corporate bonds with a coupon of 2.625% maturing on 23 April 2025, £300.0m of bonds with a coupon of 3.375% maturing on 23 April 2028 and €300.0m of bonds with a coupon of 1.75% maturing on 7 April 2026. The Eurobond principal and interest amounts were fully converted to GBP and hedged against foreign exchange volatility. The notes were issued as Green Bonds and referenced to climate related or environmental projects.

The proceeds from the Green Bonds were used to repay the £700.0m retail loan and the loans secured against 7 Westferry Circus of £40.0m and 15 Westferry Circus of £88.2m. A £30.0m revolving credit facility was entered into at the same time at a margin of 2.495% over SONIA, which was not drawn at 31 December 2021.

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STRATEGIC REPORT (Continued)

Drawdowns totalling £70.4m were made against the Group's construction loan facilities in 2021 to fund development expenditure. Of the Group's committed construction loan facilities at 31 December 2021, totalling £711.5m, £136.5m remained available to draw at 31 December 2021.

Overall, 82.4% of the Group's loan facilities were at fixed or hedged rates at 31 December 2021 (Note 21 – Interest rate profile).

The Group's borrowings are secured against designated property interests and are subject to lending covenants that include maximum LTV and LTC ratios and minimum ICRs as outlined in Note 21. Taking into account the loan waivers and extensions agreed during the year, the Group was in compliance with its lending covenants at 31 December 2021 and throughout the year then ended.

Total borrowings, excluding derivatives at fair value, increased from £4,322.6m at 31 December 2020 to £4,371.9m at 31 December 2021 reflecting the Green Bonds issue, the associated secured loan repayments and drawdowns against the Group's construction loan facilities. There was a favourable movement in the fair value of derivatives of £154.1m taking the net liability recognised at 31 December 2021 to £491.3m.

Cash and cash equivalents reduced from £403.5m at 31 December 2020 to £241.1m primarily as a result of capital expenditure in the year.

The Group's weighted average cost of debt at 31 December 2021 was 4.1% including credit wraps (31 December 2020 – 4.3%).

The weighted average maturity of the Group's loans was 6.3 years at 31 December 2021 (31 December 2020 – 6.6 years).

Excluding the fair value of derivative financial instruments, the look through LTV at 31 December 2021 was 49.5% in comparison with 47.4% at 31 December 2020. The look through LTV was calculated by reference to net debt excluding derivative financial instruments of £4,128.5m at 31 December 2021 (31 December 2020 – £3,916.8m) as a proportion of the market value of the property portfolio of £8,337.8m (31 December 2020 – £8,256.9m). The Group's look through LTV at 31 December 2021 including the fair value of financial instruments was 55.4%, up from 55.3% at 31 December 2020, calculated by reference to the net debt including the fair value of financial instruments of £4,619.8m at 31 December 2021 and £4,562.2m at 31 December 2020.

Cash flow
The net cash outflow from operating activities for 2021 was £60.1m in comparison with £10.6m for 2020. The outflow for 2021 was stated after movements in working capital of £65.3m (2020 – £32.3m). In 2021, corporation tax payments of £11.2m were made compared with £1.0m in 2020.

Cash flows from investing activities resulted in a cash outflow of £139.7m for 2021 compared with £181.6m for 2020. In 2021, the cash outflow included £122.4m of development expenditure (2020 – £167.1m).

The net cash inflow from financing activities for 2021 was £37.4m, compared with £153.3m for 2020. The net cash inflow for 2021 included a net £57.8m drawn down under the Group's construction loan facilities (2020 – £158.0m). In addition, the issue of the Green Bonds, the repayment of the retail loan together with the loans secured against 7 and 15 Westferry Circus resulted in a net cash inflow of £60.7m after fees. In 2020, the refinancing of the 25 Churchill Place facility resulted in a net cash inflow of £60.0m. Scheduled securitised loan amortisation totalled £29.3m in both 2021 and 2020.

A cash distribution of £3.7m was made in 2021 (2020 – £6.1m).

Corporate policies

Conflicts of interest
A formal process to manage directors' conflicts of interest is observed by the Board. The prescribed process provides a framework within which the directors who are not conflicted can manage potential conflict situations to protect the interests of the Company. An annual review involving self certification by directors is conducted of the conflicts disclosed during the preceding 12 months.

Corporate Responsibility
The Company has not adopted its own sustainability, environmental and social policies. However, the directors are conscious of sustainability, environmental and social issues and adhere, where applicable, to the policies of Canary Wharf Group plc.

STRATEGIC REPORT (Continued)

Sustainability is front and centre for Canary Wharf Buildings with over 20.0m sq ft of delivered environmentally certified space. Canary Wharf Group are aware some existing and prospective tenants are also placing value on sustainable operations. To deliver sustainability, the Group integrate actions and targets into every phase of project delivery and are improving the environmental performance of existing facilities through effective retrofitting and facilities management. The Group aims to design, build and manage central London's highest quality, best value and most sustainable office, retail and residential buildings and districts. In doing this, the Group works with all its stakeholders to create and nurture vibrant, inclusive communities that meet today's economic, environmental and social needs while anticipating those of tomorrow for the benefit of the environment, tenants, employees, the community and stakeholders. A 30 year local impact report by CEBR commissioned by the Group has shown that Canary Wharf supports 54.0% of all jobs in Tower Hamlets, of which around 12,000 people work in Canary Wharf. Since 1997, over £3.0bn of business has been generated for local businesses in East London through initiatives supported by the Group.

Canary Wharf Group has maintained ISO 14001 accreditation since early 2005 and environmental management has been an inherent part of construction since 2002. During 2021, no member of the Group incurred any fines or non monetary sanctions for non compliance with any regulation or legislation related to sustainability issues.

Canary Wharf Group is a founder member of the UK Green Building Council (UKGBC), the Better Building Partnership (BBP) and the Business Clean Air Taskforce (B–CAT). The Group has also signed the BBP Climate Change Commitment, as well as The Climate Pledge, joining Amazon and other companies in pledging to achieve net zero carbon at least 10 years ahead of the Paris Agreement. Canary Wharf Group targets the reduction of energy, water and resource use, and the reuse and the recycling of waste where possible during the design, construction and management of properties. The minimisation of disruption and disturbance to the environment and local community is targeted during the construction and management of buildings. Canary Wharf Group is also committed to preventing and monitoring pollution and to reducing any emissions which may have an adverse impact on the environment and/or local community.

Canary Wharf Group endeavours to raise awareness and promote effective management of sustainability, environmental and social issues with staff, designers, suppliers and contractors and also works with suppliers and contractors to establish effective environmental supply chain management and to promote the procurement of sustainable products and materials.

In 2020, the Group published its Net Zero Carbon Pathway, a roadmap for reaching net zero carbon by 2030, 20 years ahead of the Paris Agreement. The Group also published ambitious Science Tased Targets (SBTs) ratified by the Science Based Targets Initiative (SBTi). Progress against both the Net Zero Carbon Pathway and SBTs will be published in the annual Sustainability Report.

In 2021, the Group participated in GRESB and CDP Sustainability Benchmarking schemes, receiving a GRESB 5 star rating, ranked first in our peer group and a CDP score of B.

In 2021, the Group had the following operational UK energy use and carbon emissions:

UK Local Emissions – figures based on net building

At 31 December 2021	Total consumption (kWh)	Total emissions (tCO_2e)
Scope 1 (direct emissions):		
Natural gas	64,775,964	11,861
Gas oil	898,150	213
Petrol (on site)	5,699	1.37
HVO (on site)	167,977	0.63
Transport	90,418	22.59
Scope 2 (indirect emissions):		
Electricity	64,870,554	13,770
PV	58,416	-
Total	64,928,970	13,770
Total Emissions	**130,867,178**	**25,869**

Year ended 31 December 2021	Turnover £m	Energy usage kWh/£100k
Intensity Metrics:	419.7	31,137

STRATEGIC REPORT (Continued)

At 31 December 2020	Total consumption (kWh)	Total emissions (tCO_2e)
Scope 1 (direct emissions):		
Natural gas	24,842,201	4,568
Gas oil	4,177,034	1,072
Petrol (on site)	15,641	3.6
Transport	155,916	40
Scope 2 (indirect emissions):		
Electricity	81,797,074	19,070
PV	74,757	–
Total	81,871,831	19,070
Total Emissions	**111,062,624**	**24,754**

At 31 December 2020	Turnover £m	Energy usage kWh/£100k
Intensity Metrics:	426.8	26,022

CWG has purchased 100.0% renewable electricity for all operations since 2012, which has reduced our Scope 2 emissions (indirect emissions from purchased electricity) to zero during this reporting year (using a marked based approach). This electricity supply is backed by Renewable Energy Guarantee of Origin (REGO) certificates. CWG are also investigating Power Purchase Agreements (PPAs) to further reduce tenant Scope 2 emissions.

In the last financial year, CWG completed a number of energy reduction initiatives, resulting in 356.718CO2e kWh energy savings. These measures include:

- Ongoing installation of LED lighting across managed buildings;
- Adjustment of lighting and fan run times in order to reduce energy usage;
- Continued monitoring of plant equipment in order to run buildings in the most efficient way possible;
- Door curtains in retail buildings were replaced with air source heat pumps;
- Replacement of 8 water pumps in retail buildings with more energy efficient alternatives; and
- Installation of photovoltaic cells on 25 Churchill Place to increase usage of solar energy.

The annual Group Sustainability Report, produced in accordance with EPRA guidelines, provides details of performance against a range of specified targets and objectives with third party verification in line with ISAE 3000. This report, together with additional supporting information and Group publications related to this area can be downloaded from the Canary Wharf Group website, www.canarywharf.com.

People

Employee consultation

Canary Wharf Group has implemented a continuing programme of action with the aim of providing an inclusive working environment where all employees are treated with respect and dignity. The Group continues to keep employees informed of events relevant to their employment via all staff communications including a weekly staff newsletter available on the Group's intranet site and quarterly employee town hall meetings. A staff consultative committee, at which matters raised by employees are considered by management and elected staff representatives, is now augmented by the Equality, Diversity & Inclusion (ED&I) Networks referred to below. The Group's employment strategy and policies are regularly reviewed to incorporate changes to legislation and ensure best practice is maintained.

The first company wide ED&I engagement survey took place in 2021 to obtain feedback from employees on a variety of ED&I issues. A 24/7 employee voice portal is in place which allows staff to give feedback on any topic on either an anonymised or named basis.

The Group has had a whistleblowing policy in place since 2008 and in 2017 introduced an ethics reporting line to enable employees and agency workers/contractors to anonymously report issues to the Group for review and where appropriate resolution.

Diversity

The Group is committed to fostering a diverse and inclusive workforce which enables the Group to hire and retain the best people. A diverse workforce brings a practical contribution to business success and assists in providing the highest standard of service to our customers.

STRATEGIC REPORT (Continued)

The Group strives to create a working environment which is open, supportive and inclusive at every level and believes that equality of opportunity for all is fundamental to the future of the Group. Following the successful establishment of the Gender Balance Network and Ethnicity Equality Network to help develop diversity initiatives, in 2021 further Networks were launched including the LGBTQ+ Network, the Disability Equality Network and the Social Mobility Network. The Company voluntarily published an Ethnicity Pay Gap Report in 2021 alongside the Gender Pay Gap Report.

In recognition of the value that the next generation brings to the inclusivity agenda, in 2021 the Group launched a Junior Board. Following a transparent competitive process, 13 employees of less than 10 years' experience in the sector were appointed to the Junior Board. Acting as a sounding board to the Group Executive, they will be set projects to help inform the strategic objectives of the Group as well as undertake a reverse mentoring programme with the Group's Management Board.

The Group also launched a new group wide ED&I training programme, that includes within its module specific executive training for the leadership team together with a mandatory programme of sessions for every employee within the Group.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that employment with the Group continues and that appropriate training and support is offered. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Health and safety
The Group seeks to continually improve and develop its health and safety performance and places the overall wellbeing of its employees, tenants and visitors in the highest regard. The Group operates a health and safety management system to the internationally recognised BS OHSAS 18001 standard. This ensures that best practice is followed as a minimum threshold.

The Group strives for continuous improvement to ensure a safe and healthy environment is maintained and adequate resources are made available for these purposes. The Group's accreditation to BS OHSAS 18001 is externally verified on an ongoing basis allowing opportunities for continuous improvement to be identified and enacted where feasible. The Group's health and safety departments are committed to supporting all employees in understanding their health and safety responsibilities through a system of processes and procedures in order to deliver the safest standards within the built and managed environment.

Anti Bribery and Corruption
The Board continues to demonstrate commitment to the prevention of corruption and understands the importance of maintaining a culture in which it is not acceptable at any level. An updated online bribery and corruption awareness training module was issued in Spring 2020 and this is undertaken by new employees and has been completed by 97.0% of the Group's existing employees. A refreshed module is being issued in 2022 which will be mandatory for all employees and will also be undertaken by agency workers. The Group has adopted a Code of Business Practices and Ethics and a formal Anti Bribery and Corruption policy, which require all directors and employees to behave with integrity and in a manner that ensures the objectives of the policies are achieved. The Group has a strict approach to maintaining high standards of finance, business principles and ethics.

Criminal Finances Act 2017
The Criminal Finances Act 2017 established the corporate criminal offence of failing to prevent the criminal facilitation of UK and foreign tax evasion. The Group's Ethics Code and Anti Bribery policies referred to above protect the Group from some aspects of these types of activities. To supplement these policies, the Group also has an Anti Facilitation of Tax Evasion policy and has rolled out a mandatory training course to all employees which has been completed by 95.0% of staff.

Anti Slavery and Human Trafficking
Following implementation of the Modern Slavery Act 2015 the Group is bound by the Act to establish controls to combat slavery, servitude, forced or compulsory labour and human trafficking. The Board has accordingly adopted a policy and formal statement setting out the Group's commitment to prohibiting any form of forced labour or slavery throughout its supply chain which is renewed regularly. The Anti Slavery and Human Trafficking training module is in the process of being updated and will be issued in 2022 and will be mandatory for all employees and agency workers.

General Data Protection Regulation (GDPR)
The DPO and management continue to take a risk-based approach to address GDPR compliance. A GDPR committee with representation from key senior personnel across the business meets periodically to discuss and communicate data protection issues. Privacy policies are published on CWG's public facing websites. Data protection policies and procedures are in place and appropriate registers are maintained. A new online GDPR refresher training was rolled out in February 2022 which is mandatory for all employees.

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STRATEGIC REPORT (Continued)

Companies Act 2006 Section 172 (1) Statement

The Company is a large privately owned joint venture, owned equally by 2 shareholders, which each nominate 4 directors directly to the Board. Accordingly, there is full alignment of the interests between shareholders and the Board. The Chairman and Chief Executive Officer are also members of the Board.

Section 172 (1) of the Companies Act 2006 requires that a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term

The Board meets regularly to discuss and make decisions on matters of strategic importance to the business, to promote the long term success of the Company and to consider the likely long term impact of any such decisions.

(b) the interests of the company's employees

The Group recognises that the engagement of employees is fundamental to the success of the business and in achieving its long term strategy and business objectives. Further details can be found in the Statement of Employee Engagement contained in the Directors' Report on page 21 and earlier in the Strategic Report on page 14.

(c) the need to foster the company's business relationships with suppliers, customers and others

The Group has strong and well established long term relationships with its suppliers, tenants and customers. This is evidenced by the continuation of links across the full value chain, over many years, with the full range of contractors, advisers and suppliers who interact directly with employees of the company without the intervention of sub contractors.

(d) the impact of the company's operations on the community and the environment

This area is covered under the Corporate Responsibility section on pages 12 of this report. However, in addition to the above, the Group is committed to fostering positive links within the local communities in which it works. The Group has an appointed Group Strategy Director who manages a team which works collaboratively with the London Boroughs of Tower Hamlets and of Lambeth. The director is also engaged politically and is responsible for the Group's long term strategy, planning, community and sports events, links with local educational establishments and promotional arts events.

The Group is an established member of the Tower Hamlets Partnership Executive Group which engages with a range of local business leaders. The Group's Personnel Department has well established links with local schools, colleges, universities and with the local job centre. Further details are provided in the Directors' Report.

(e) the desirability of the company maintaining a reputation for high standards of business conduct

The Group expects the highest standards of conduct from its employees, business partners and suppliers with which it engages. The Group has an established internal risk control and audit process with a range of official policies. In addition, an Internal Audit process is provided independently by Ernst & Young LLP. The Group is fully compliant with all current GDPR laws and employment legislation. Further details are set out in the Directors' Report.

(f) the need to act fairly as between members of the company

The Company's Articles of Association may be amended by special resolution of the Company's shareholders. The Company is a joint venture vehicle with a Shareholders' Agreement in place and there is equal representation between the 2 shareholders.

Throughout 2022 the Board will continue to review how the Group can improve engagement with its employees and stakeholders.

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STRATEGIC REPORT (Continued)

Going concern

The Directors have adopted the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties in relation to the Group or the Company's going concern status. The going concern review period covers the period of 12 months after the date of approval of these financial statements.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above including detail relating to the finances of the Group, its liquidity position and borrowing facilities. Further details in relation to the Group's borrowing facilities are set out in Note 21. The Strategic Report also sets out the Group's Principal risks and uncertainties and the Directors have reached their conclusion on going concern after considering these principal risks.

The Group has an annual business plan process which entails production of a 5 year business plan which was approved in the September Board meeting. Progress against the plan is monitored on a quarterly basis as the year progresses and the plan is subject to review and updating should circumstances change.

The Group enjoys the benefit of leases with a weighted average unexpired lease term of 10.7 years or 8.8 years, assuming the exercise of all break options and, at 31 December 2021, the occupancy level in the Group's office portfolio was 94.4%. The year end average maturity of the Group's loans was 6.3 years. Accordingly, the directors believe that the Group is well placed to manage its business risks successfully.

At the year end, the Group is in a net current liabilities position of £170.3m. Included in current liabilities are the following loan which matures during the course of 2022:

- The £325.5m Newfoundland construction loan of which £302.4m had been drawn at 31 December 2021

The following additional loan matures during the remainder of the going concern period:

- The £186.0m construction loan which part funded the buildings at 15 Water Street and 20 Water Street of which £101.4m had been drawn at 31 December 2021.

The board is of the view that both of these facilities will be refinanced during the normal course of business over the going concern period as assumed in the business plan due to the conservative loan to value ratios required to at least repay the construction loans. In addition, at 31 December 2021, the Group had cash and monetary deposits totalling £243.4m of which £98.7m was unrestricted. Further, undrawn construction loan facilities total £136.6m and £30.0m was available to be drawn under the Group's RCF.

The Board regularly monitors downside sensitivities including the impact of valuation declines/cash collection rates. Other than the uncertainties set out above in relation to short term refinancing, the Group has considerable headroom over its key financing facilities as set out in Note 21 – loan covenants.

Having made the requisite enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue their operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

This Strategic Report was approved by the Board and signed on its behalf by:

DocuSigned by:
Justin Turner
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Justin Turner
Secretary

Canary Wharf Group Investment Holdings plc
Registered number: 05043352

26 April 2022

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DIRECTORS' REPORT
for the year ended 31 December 2021

The directors present their report with the audited consolidated financial statements for 2021. The Company is incorporated as a public limited company in England and Wales and registered in Great Britain. The registered address is: 30th Floor, One Canada Square, Canary Wharf, London E14 5AB.

Results

The results for the year are set out in the Consolidated Income Statement and are analysed in the Strategic Report. An indication of likely future development in the business of the Company is also included in the Strategic Report.

Financial instruments

The Group's use of financial instruments is set out in the Strategic Report.

Related parties

Transactions with related parties are disclosed in Note 27.

Dividends and reserves

The profit of £93.7m (2020 – loss of £511.3m) attributable to the members of the Company has been transferred to reserves. A distribution of £3.7m was recorded during the year ended 31 December 2021 (2020 – £6.1m).

Substantial shareholdings

As at the date of this report, Stork Holdings Limited, a company ultimately owned jointly by QIA and Brookfield, owned 740,374,616 shares which is the entire issued share capital of the Company.

Directors

The following directors served on the Board during the year and in the year to date:

Sir George Iacobescu – Non Executive Chairman
Shoaib Z Khan – Chief Executive Officer
Mohamed Abdulrazzaq Al–Hashmi
Sheikh Jassim Abdulla Al–Thani
Sheikh Khalifa Khalid Al–Thani
Navid Chamdia
Brian Kingston
Theodor Berklayd (appointed 07/06/2021)
Thomas Jan Sucharda
Connor Teskey
Zachary Vaughan (resigned 07/06/2021)

Sir George Iacobescu transitioned from Executive Chairman to non executive chairman on 1 July 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 are required to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB and elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 of the Company for that period.

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DIRECTORS' REPORT
for the year ended 31 December 2021 (Continued)

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records which 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. The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' indemnity and insurance

The Company provides an indemnity to all directors of the Company and its associated companies (as defined in Section 256(b) of the Act), to the extent permitted by law, in respect of liabilities incurred as a result of their office. The Group also has in place liability insurance covering the directors and officers of the Company and its subsidiary undertakings. Both the indemnity and insurance were in force during the year ended 31 December 2021 and at the time of approval of this Strategic Report. Neither the indemnity nor the insurance provide cover in the event that the director is proved to have acted dishonestly or fraudulently.

Directors' interests

No directors have any interests in any of the shares of the Company.

Auditor and disclosure of information to the auditor

A resolution to reappoint Deloitte LLP as the Company's auditor will be proposed at the AGM.

So far as the directors are aware, there is no relevant audit information of which the auditor is unaware. Each director has taken all appropriate steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Act.

Political donations

Political donations (as defined by the Companies Act 2006 and which include donations in kind) made by the Group during 2021 comprised £20,000 to the Labour Party (2020 – £6,540), £25,000 to the Conservative Party (2020 – £58,685), and £4,716 to the Liberal Democrats (2020 – £10,000). In 2021, £5,000 was donated to the Labour Friends of Bangladesh. No political expenditure was incurred in 2021 (2020 – £Nil).

At the 2021 AGM, the shareholders approved a resolution authorising the Company to make certain political donations in the UK and incur political expenditure up to an aggregate of £175,000. The consent lasts until the 2022 AGM.

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DIRECTORS' REPORT
for the year ended 31 December 2021 (Continued)

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Although the Board acknowledges its obligations under the Companies (Miscellaneous Reporting) Regulations 2018, in view of the structure outlined in the Strategic Report for the financial year ended 31 December 2021, the Company has not applied any corporate governance code under the Companies (Miscellaneous Reporting) Regulations 2018. The Board is however, committed to maintain the highest standards of corporate governance, where appropriate for a company of its size.

Board Composition

There was at least one executive director and 8 non executive directors throughout 2021. The Board met 5 times during the financial year and there were 2 meetings of committees of the Board to consider specific issues. All of the non executive directors bring independent judgement to bear on issues considered by the Board and have the appropriate knowledge, experience and skills to discharge their duties. All directors are able to take independent advice in the furtherance of their duties, if necessary, at the Company's expense.

Board Leadership

On 1 October 2019 the roles of Chairman and Chief Executive were formally separated and a new Chief Executive Officer was appointed.

On 1 July 2021, Sir George Iacobescu moved from the role of Executive Chairman to Non Executive Chairman. The Non Executive Chairman acts as an ambassador of the Company in interactions with business, government and international contacts. He also advances the Company's business development initiatives and where required provides strategic guidance and specialist advice. Directors contribute effectively in the development and implementation of the Company's strategy whilst ensuring that the nature and extent of the risks of the Company is willing to embrace in the implementation of its strategy are determined and challenged.

The Chief Executive is responsible for the maximisation of value within the existing investment portfolio, real estate and retail leasing estate management, the legal, finance and administration functions.

Stakeholder dialogue

Shareholder representation is through an equal number of duly appointed non executive directors who meet at regular timetabled meetings throughout the year.

Committees of the Board

The Board delegates its authority through the appropriate Committees, with specified Terms of Reference and appropriate levels of authority to act.

Audit Committee

The members of the Committee comprise 2 non executive directors, each representing a shareholder. The external and internal auditors also attend committee meetings. The Committee considers financial reporting, corporate governance and internal controls. It also reviews the scope and results of the external audit and the independence and objectivity of the auditors. It meets at least 4 times a year and reviews the interim and annual accounts before they are approved by the Board. The Committee met 5 times during 2021.

Remuneration Committee

The Remuneration Committee reviews and sets the remuneration of the executive directors and senior executives. It also agrees a policy for salaries and bonuses for all staff. The Committee met twice during the year.

Investment Committee

The Investment Committee meets on an ad hoc basis during the year to discuss matters of long term strategic importance. The composition is made up of 2 non executive directors each representing the ultimate beneficial owners and the Chairman and Chief Executive Officer.

Board Meetings

Board members are given appropriate documentation in advance of each Board and Committee meeting. Senior executives below Board level are invited to attend meetings for the purpose of making presentations on their areas of responsibility. Four main board meetings, one full board meeting in relation to the Green Bonds, one meeting of a committee of the board formed in relation to the Green Bonds and one meeting of a committee of the board formed in relation to the approval of the interim financial statements were held during the year.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

DIRECTORS' REPORT
for the year ended 31 December 2021 (Continued)

Company Secretary

All directors have access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board. The Company Secretary attends all Board and Committee meetings and is responsible for ensuring compliance with the relevant procedures, rules and regulations.

STATEMENT OF EMPLOYEE ENGAGEMENT

The Board is conscious and committed to the needs and wellbeing of its employees and continues to review a range of products which are of benefit to staff. The Group has strong links with local schools, sports and other community organisations in which employees can actively become involved. The Group has an established volunteering policy which encourages staff to actively participate in the communities in which it operates.

Training and development

The Group is committed to supporting employees in reaching their maximum potential at work and offers comprehensive training and development opportunities. All employees participate in bi annual appraisals which allow a positive two-way conversation about performance and setting objectives. All staff were included in the 2021 appraisals and 100% of appraisals were successfully completed via the online human capital management system. The Group undertakes an annual training needs analysis and incorporates structured staff development into its strategic plans.

Gender pay gap initiatives

Results of the Gender Pay Report showed that men and women were equally likely to receive a bonus, have equal pay rates but women continue to be underrepresented in senior positions and areas such as Construction, Maintenance and Security. Although there are examples of senior women across all areas of the business, the Company has developed further initiatives to attract more women into the sector and for them to attain more senior positions. A gender balance group formed of staff across the Group aims to address the disparity in representation of women in senior positions. Recruitment sources are being reviewed to attract a wider talent pool. The Company continues to use LinkedIn and other recruitment providers to make roles more accessible to a wider pool of talent. Job adverts now encourage applications from people wanting flexible working.

In addition to being an inclusive employer, the Group recognises the positive impact that flexible working can have on wellbeing, engagement and productivity.

Mentoring

A Group wide mentoring scheme was launched in 2019 to improve diversity within management levels, support personal and professional development, promote knowledge sharing across the business as well as assist in building relationships with colleagues. In 2021, there were 55 trained mentors and 49 mentees. A short survey will be conducted in early 2022 to gain feedback from participants on how effective the scheme is and any areas of improvement.

STATEMENT ON BUSINESS RELATIONSHIPS:

Customers

Regular reports are received on customer satisfaction surveys and online surveys completed by tenants. Detailed data analysis of trends, themes and volume of traffic is also undertaken. The Board has overall oversight of this process.

In conjunction with an external company and TfL, the Group also conducts an annual transport survey and detailed analysis of the results is undertaken in order to engage constructively with stakeholders.

Suppliers

During the year, the Group set 9 corporate objectives as performance indicators in key areas within the business such as: Health & Safety, Security, Quality Management, Environmental Management, Property Management/Service Delivery and Design/Construction Delivery. These performance indicators set the tone of the business culture focusing on achievable targets and ensuring an accurate review of the organisation's performance corporate objectives. The Integrated Management System (IMS), incorporating ISO 45001, 9001, 14001, 50001, is implemented and driven by top level management. External audits with suppliers and contractors are planned throughout the year, giving suppliers the opportunity to raise concerns, and for Canary Wharf Group to review third party policies and procedures.

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DIRECTORS' REPORT
for the year ended 31 December 2021 (Continued)

Through our value chain, suppliers tendering for works must carry out a 'Tender Prequalification Process'. This asks for details of qualifications, adopting of the London living wage, insurances, amongst other requirements. This is then checked in order to confirm that the supplier operates within our standards.

Management staff routinely meet with the supply chain and customers to check the status of contracts and to address any concerns. Canary Wharf Group hosts events for suppliers and contractors on a 6 monthly basis, where motivational speakers are booked to discuss key issues.

AGM

The AGM will be held at 4.00 pm on the conclusion of the preceding board meeting on 14 June 2022 at One Canada Square, Canary Wharf, London E14 5AB.

By order of the Board

DocuSigned by:
Justin Turner
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Justin Turner
Secretary

Canary Wharf Group Investment Holdings plc
Registered number: 05043352

26 April 2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF GROUP INVESTMENTS HOLDINGS PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Canary Wharf Group Investments Holdings plc (the 'Company) and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated and Company Balance Sheets;
- the Consolidated Cash Flow Statement; and
- the related Notes 1 to 28.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company financial statements 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).

2. 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 Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF GROUP INVESTMENTS HOLDINGS PLC (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • valuation of the investment and development property portfolio Within this report, the key audit matter has the same level of risk when compared to the prior year as identified by the following symbol ⟨⟩
Materiality	The materiality that we used for the Group financial statements was £75.7m which was determined on the basis of 2.0% of the net asset value.
Scoping	A full scope audit was performed by the group engagement team.
Significant changes in our approach	For 2021, we no longer consider going concern to be a significant risk following the issuance of the £906.0m green bond which refinanced debt that was maturing during the year, in particular the £700.0m retail loan. This new bond is unsecured and therefore increases the unencumbered properties the Group has within its portfolio. There are no covenants in relation to the bonds which are impacted by the valuation of the investment and development portfolio. There are no other significant changes in our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the relevant controls over the going concern assessment;
- evaluating both management's approved business plan by the Board and the going concern assessment, and assessed financial and other indicators to identify if there are any doubts or material uncertainties in respect of going concern;
- assessing management's historical forecasting accuracy by comparing the prior year forecasts to the current year's actual results;
- assessing the forecast cash flows and reasonable worst case downside sensitivities over the going concern period; and
- in conjunction with our debt advisory specialists, assessing the refinancing required over the going concern forecast on maturity of a number of facilities in the normal course of business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of the investment and development property portfolio

Key audit matter description	The valuation of the investment and development property portfolio is the most significant estimate in the financial statements. The portfolio has a fair value of £8,338m (2020: £8,257m) due to capital additions partly offset by a revaluation deficit. The valuation of the portfolio is inherently subjective due to the key unobservable inputs in the valuation requiring a significant level of estimation. These include property yields and estimated rental values for investment properties and forecast costs to complete and developers' profit for development properties. The property valuation was carried out by 3 independent external valuers. The external valuers were engaged by the directors and were instructed to perform their work in accordance with International Valuation Standards. A key source of estimation uncertainty has been identified in respect of the valuation of the investment and development properties as explained in Note 2 and Note 11 to the financial statements.
How the scope of our audit responded to the key audit matter	Our audit procedures included: • obtaining an understanding of the relevant controls in the investment and development properties' valuation; • assessing the competence, capabilities and objectivity of the external valuers; • meeting with the three external valuers, together with our valuation specialists, to discuss and challenge their valuation methodology, including the rationale for significant movements with reference to current external market trends and external valuers' key estimates and assumptions used in the valuation of the Group's properties. Specifically, for our challenges of property yields and estimated rental values of the investment properties, we benchmarked these key assumptions to external industry data and comparable market transaction evidence and assessed the rationale for key movements in these estimates against that transactional market evidence; • in respect of investment properties, validating the tenancy data sent to the valuers for completeness and accuracy by agreeing a sample of data through to underlying lease agreements; • using valuation specialists to test the mathematical accuracy of one of the valuation models from each of the three valuers; and • in relation to development properties, validating the costs to complete by agreeing approved development cost expenditure to signed contracts, appraisals and approved budgets. Together with our valuation specialists we researched, benchmarked and evaluated the developers' profit against wider market practice. In addition, we assessed management's historical accuracy for forecasting development costs.
Key observations	On the basis of our testing, we are satisfied that the valuation of the investment and development property portfolio is appropriate.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£75.7m (2020: £73.8m)	£39.3m (2020: £39.3m)
Basis for determining materiality	2.0% of the net asset value	2.0% of the net asset value
Rationale for the benchmark applied	Net asset value represents the key driver of business value and is the primary focus for users of the financial statements.	

A lower materiality threshold of £5.2m (2020: £11.1m) being 10.0% of underlying profit before tax which excludes certain items (2020: 15% of Group materiality), has been applied to balances which affect underlying earnings (eg rental income, cost of sales, administrative expenses and net interest payable). This lower level of materiality has been used as we have considered that this better reflects the expectations of users of the financial statements and, whilst the primary focus is net assets, the secondary focus is underlying earnings, which are significantly lower values than the net assets. Adjusted measures are defined in Note 1 and Note 4 to the financial statements.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70.0% (2020: 70.0%) of group materiality	70.0% (2020: 70.0%) of Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered our Group and Company risk assessment, including the overall control environment, together with the level of corrected and uncorrected misstatements, including in respect of prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £3.7m (2020: £3.7m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

A full scope audit of Canary Wharf Group Investments Holdings plc and its consolidated subsidiaries was performed by the group engagement team. We audited the Group as a single component because it is managed by one central executive and finance team. All individual subsidiaries which require separate audit opinions are audited by the group engagement team subsequent to the completion of the consolidated audit.

7.2. Our consideration of the control environment

Given the nature of the Group's activities and due to a significant change in accounting software during the year, we did not take a controls reliance approach or rely on controls over the key IT systems; we performed a substantive audit. We did obtain an understanding of controls relevant to the audit, including those in respect of key audit matters and significant risks.

Where control improvements were identified, these were reported to management and the Audit Committee.

8. 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 contained within the annual report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF GROUP INVESTMENTS HOLDINGS PLC (Continued)

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 Group's and 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 group or the Company or to cease operations, or have no realistic alternative but to do so.

10. 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and internal audit and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;

- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of the investment and development property portfolio. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included health and safety and employment legislation.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of the investment and development property portfolio as a key audit matter related to the potential risk of fraud . The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and inhouse / external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANARY WHARF GROUP INVESTMENTS HOLDINGS PLC *(Continued)*

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our 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.

Claire Faulkner

Claire Faulkner FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, England

26 April 2022

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CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021

	Note	2021 Underlying* £m	2021 Capital and other £m	2021 Total £m	2020 Underlying* £m	2020 Capital and other £m	2020 Total £m
Gross development, rental and related income	5	**419.7**	**–**	**419.7**	426.8	–	426.8
Cost of sales		**(143.0)**	**–**	**(143.0)**	(135.9)	–	(135.9)
Net development, rental and related income	5	**276.7**	**–**	**276.7**	290.9	–	290.9
Share of associates and joint ventures after tax	12	**0.3**	**8.2**	**8.5**	(0.7)	2.2	1.5
Revaluation of investments	12	**–**	**(2.2)**	**(2.2)**	–	(4.9)	(4.9)
Administrative expenses		**(55.6)**	**–**	**(55.6)**	(58.4)	–	(58.4)
Other income		**8.4**	**–**	**8.4**	11.5	–	11.5
Net revaluation movements	6	**–**	**(93.5)**	**(93.5)**	–	(514.4)	(514.4)
Operating profit/(loss)	3	**229.8**	**(87.5)**	**142.3**	243.3	(517.1)	(273.8)
Net financing costs:							
– investment revenues	7	**0.1**	**–**	**0.1**	0.6	–	0.6
– financing (costs)/gains	7	**(178.0)**	**140.8**	**(37.2)**	(159.6)	(70.9)	(230.5)
Profit/(loss) before tax		**51.9**	**53.3**	**105.2**	84.3	(588.0)	(503.7)
Tax	8			**(22.6)**			(5.1)
Deferred tax				**11.1**			(2.5)
Profit/(loss) after tax	4			**93.7**			(511.3)
Earnings/(losses) per share	4			**12.7p**			(69.1)p

*As defined in Notes 1(x) and 4.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	2021 £m	2020 £m
Profit/(loss)/ for the year after tax	**93.7**	(511.3)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Gains/losses arising on effective hedges	**2.3**	(4.1)
Foreign exchange gains on hedged instruments	**4.3**	–
Transferred from equity	**5.0**	5.2
Other comprehensive income for the year	**11.6**	1.1
Total comprehensive income for the year	**105.3**	(510.2)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share Premium £m	Capital redemption reserve £m	Cancelled share reserve £m	**Total other reserves £m**	Hedging reserve £m	Retained earnings £m	Share capital £m	**Total £m**
1 January 2020	1,195.1	2.5	59.5	**1,257.1**	(54.3)	2,930.5	74.0	**4,207.3**
Loss for the year after tax	–	–	–	–	–	(511.3)	–	**(511.3)**
Net income recognised	–	–	–	–	–	(511.3)	–	**(511.3)**
Cash flow hedges:								
Losses arising on effective hedges	–	–	–	–	(4.1)	–	–	**(4.1)**
Transferred to income	–	–	–	–	5.2	–	–	**5.2**
Total comprehensive income/(expense) for the year	–	–	–	–	1.1	(511.3)	–	**(510.2)**
Distribution	–	–	–	–	–	(6.1)	–	**(6.1)**
1 January 2021	**1,195.1**	**2.5**	**59.5**	**1,257.1**	**(53.2)**	**2,413.1**	**74.0**	**3,691.0**
Profit for the year after tax	–	–	–	–	–	93.7	–	**93.7**
Net income recognised	–	–	–	–	–	93.7	–	**93.7**
Cash flow hedges:								
Gains arising on effective hedges	–	–	–	–	2.3	–	–	**2.3**
Foreign exchange gains on hedged instruments	–	–	–	–	4.3	–	–	**4.3**
Transferred to income	–	–	–	–	5.0	–	–	**5.0**
Total comprehensive income for the year	–	–	–	–	11.6	93.7	–	**105.3**
Distribution	–	–	–	–	–	(3.7)	–	**(3.7)**
31 December 2021	**1,195.1**	**2.5**	**59.5**	**1,257.1**	**(41.6)**	**2,503.1**	**74.0**	**3,792.6**

Description of the nature and purpose of each reserve

The capital redemption reserve comprises the nominal value of 24,539,346 Ordinary Shares cancelled as a result of share buybacks.

The cancelled share reserve comprises the nominal value of 601,068,076 deferred shares cancelled in 2009.

The hedging reserve comprises the fair value of effective hedges and the amounts deferred in equity under previously effective hedges which are recognised in the Consolidated Income Statement in the same period in which the hedged item affects net profit or loss.

On 17 April 2015, the Company received capital contributions from its shareholders of £196.8m of which £153.0m was contributed in cash and £43.8m related to dividends paid by Canary Wharf Group plc to entities not directly or indirectly owned by the Company at the time and subsequently reinvested in the Group. Capital contributions are considered to be distributable and have therefore been treated as a component of retained earnings.

Retained earnings include, inter alia, revaluation surpluses in respect of the Group's properties that are recognised in the Consolidated Income Statement.

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CONSOLIDATED BALANCE SHEET
at 31 December 2021

	Note	2021 £m	2020 £m
Assets:			
Non current assets			
Investment properties	11	**6,870.9**	6,317.5
Properties under construction	11	**258.5**	743.9
Development properties	11	**981.6**	1,025.6
Plant and equipment	11	**8.9**	8.4
		8,119.9	8,095.4
Other non current assets			
Investments	12	**131.9**	117.5
Tenant incentives and other non current assets	14	**258.4**	232.1
		8,510.2	8,445.0
Current assets			
Work in progress	11	**31.3**	–
Trade and other receivables	13	**230.0**	181.8
Monetary deposits	15	**2.3**	2.3
Cash and cash equivalents	16	**241.1**	403.5
		504.7	587.6
Total assets		**9,014.9**	9,032.6
Liabilities:			
Current liabilities			
Current portion of long term borrowings	18	**(387.4)**	(1,125.4)
Derivative financial instruments	20	**–**	(6.9)
Corporation tax	17	**(46.6)**	(35.2)
Trade and other payables	17	**(241.0)**	(255.8)
		(675.0)	(1,423.3)
Non current liabilities			
Borrowings	19	**(3,984.5)**	(3,197.2)
Derivative financial instruments	20	**(491.3)**	(638.5)
Other non current liabilities	22	**(62.2)**	(62.2)
Deferred tax liabilities	8	**(7.4)**	(18.5)
Provisions	23	**(1.9)**	(1.9)
		(4,547.3)	(3,918.3)
Total liabilities		**(5,222.3)**	(5,341.6)
Net assets		**3,792.6**	3,691.0
Equity			
Share capital	24	**74.0**	74.0
Hedging reserve		**(41.6)**	(53.2)
Other reserves		**1,257.1**	1,257.1
Retained earnings		**2,503.1**	2,413.1
Total equity attributable to members of the Company		**3,792.6**	3,691.0

Approved by the Board and authorised for issue on 26 April 2022 and signed on its behalf by:

DocuSigned by:

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Shoaib Z Khan
Chief Executive Officer

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CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2021

	Note	2021 £m	2020 £m
Cash from operating activities (before interest)	25	**133.7**	187.3
Interest paid		**(193.9)**	(198.5)
Interest received		**0.1**	0.6
Net cash outflow from operating activities		**(60.1)**	(10.6)
Cash flows from investing activities			
Development expenditure		**(122.4)**	(167.1)
Purchase of property, plant and equipment		**(5.1)**	(4.5)
Investment in associated undertakings		**(12.2)**	(10.0)
Net cash outflow from investing activities		**(139.7)**	(181.6)
Cash flows from financing activities			
Redemption of securitised debt		**(29.3)**	(29.3)
Repayment of secured loans		**(844.5)**	(403.0)
Repayment of loan notes		**(26.1)**	–
Draw down of secured loans		**–**	444.0
Draw down of construction loans		**70.4**	158.0
Draw down of Green Bonds		**906.3**	–
Payment of deferred consideration		**(6.1)**	(6.0)
Repayment of construction loans		**(12.6)**	–
Swap break costs		**(3.2)**	–
New loan fees		**(13.8)**	(4.3)
Dividends paid		**(3.7)**	(6.1)
Net cash inflow from financing activities		**37.4**	153.3
Net movement in cash and cash equivalents		**(162.4)**	(38.9)
Cash and cash equivalents at start of year		**403.5**	442.4
Cash and cash equivalents at end of year	16	**241.1**	403.5

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB, in conformity with the requirements of the Companies Act 2006.

The following new and revised accounting standards and interpretations have been adopted by the Group in 2021. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID–19 – Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

At 31 December 2021, a number of standards, amendments to standards and interpretations have been issued by the IASB but are not effective for these financial statements, comprising:

- IFRS 17: Insurance Contracts
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to IFRS 3: Business Combinations
- Amendments to IAS 1 – Classification of liabilities as Current of Non-Current
- Annual improvements 2018-2020 cycle
- Amendments to IAS 37: Costs of fulfilling an onerous contract
- Amendments to IAS 16: Property, plant and equipment
- Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors anticipate that the adoption of these standards in future periods will not have a material impact on the financial statements of the Group.

Within the Group there are qualifying partners who are required to prepare financial statements and a members' or general partners' report in accordance with the requirements of the Companies Act 2006. Such financial statements should be audited and made public. The Group has taken exemption from these requirements as these have been dealt with on a consolidated basis in the financial statements.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements and have concluded that there are no material uncertainties in relation to the Group or the Company's going concern status. The going concern review period covers the period of 12 months after the date of approval of these financial statements.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report including detail relating to the finances of the Group, its liquidity position and borrowing facilities. Further details in relation to the Group's borrowing facilities are set out in Note 21. The Strategic Report also sets out the Group's Principal risks and uncertainties and the Directors have reached their conclusion on going concern after considering these principal risks.

The Group has an annual business plan process which entails production of a 5 year business plan which was approved in the September Board meeting. Progress against the plan is monitored on a quarterly basis as the year progresses and the plan is subject to review and updating should circumstances change.

The Group enjoys the benefit of leases with a weighted average unexpired lease term of 10.7 years or 8.8 years, assuming the exercise of all break options and, at 31 December 2021, the occupancy level in the Group's office portfolio was 94.4%. The year end average maturity of the Group's loans was 6.3 years. Accordingly, the directors believe that the Group is well placed to manage its business risks successfully.

At the year end, the Group is in a net current liabilities position of £170.3m. Included in current liabilities are the following loan which matures during the course of 2022:

- The £325.5m Newfoundland construction loan of which £302.4m had been drawn at 31 December 2021

The following additional loan matures during the remainder of the going concern period:

- The £186.0m construction loan which part funded the buildings at 15 Water Street and 20 Water Street of which £101.4m had been drawn at 31 December 2021.

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The board is of the view that both of these facilities will be refinanced during the normal course of business over the going concern period as assumed in the business plan due to the conservative loan to value ratios required to at least repay the construction loans. In addition, at 31 December 2021, the Group had cash and monetary deposits totalling £243.4m of which £98.7m was unrestricted. Further, undrawn construction loan facilities total £136.6m and £30.0m was available to be drawn under the Group's RCF.

The Board regularly monitors downside sensitivities including the impact of valuation declines/cash collection rates. Other than the uncertainties set out above in relation to short term refinancing, the Group has considerable headroom over its key financing facilities as set out in Note 21 – loan covenants.

Having made the requisite enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue their operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Accounting policies

These financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and certain financial instruments. A summary of the principal Group accounting policies, which have been applied consistently in all material respects throughout the year and for the comparative year, is set out below:

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the periods reported. For the purposes of preparing these consolidated accounts, subsidiaries are those entities where the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

Where there is a change in the Company's direct or indirect interest in a subsidiary, which does not alter the classification of the entity as a subsidiary, this is accounted for as an equity transaction. When such a change occurs, the carrying amounts of the controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Associated undertakings and joint ventures are accounted for under the equity method, whereby the Consolidated Balance Sheet incorporates the Group's share of the net assets of the relevant entities. The Consolidated Income Statement incorporates the Group's share of associated and joint venture undertakings, profits or losses after tax. Where the Group's share of the losses of an associated and joint venture undertaking exceeds the historic cost of the Group's investment in that entity, the investment is written down to nil and a provision is recognised for the Group's legal or constructive obligations at the Consolidated Balance Sheet date in respect of that entity. An entity is classified as an associated undertaking when the Group has significant influence over the economic activity of an undertaking but does not have control. An entity is classified as a joint venture where the contractual arrangement by which the Group undertook to join an economic activity provides joint control. Intra group balances and any unrealised gains and losses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

(b) Acquisitions and business combinations

Where properties are acquired through corporate acquisitions the Group considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on the relative fair values on the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. If it is considered to be a business combination in accordance with IFRS 3, the assets and liabilities of a subsidiary, joint venture or associated undertaking are measured at their estimated fair value at the date of acquisition. The results of such business combinations are included from the effective date of acquisition to the effective date of disposal. The excess of acquisition costs over the Group's interest in the fair value of the identifiable assets and liabilities of the new entity at the date of acquisition is recognised as goodwill.

(c) Investment properties and properties occupied by the Group

Investment properties are those properties that are held either to earn rental income or for capital appreciation or both.

Property occupied by the Group is carried at fair value based on a professional valuation made as of each reporting date. Where the value of such property is not material it is included in investment properties. Additions consist of costs of a capital nature.

Acquired investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on a professional valuation made as of each reporting date. Properties are treated as acquired at the point when the Group assumes the significant risks and returns of ownership and as disposed when these are transferred to the buyer. Additions to investment properties consist of costs of a capital nature.

The difference between the fair value of an investment property at the reporting date and its carrying amount prior to remeasurement is included in the Consolidated Income Statement as a valuation gain or loss. When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains an investment property and is accounted for as such.

(d) Development properties, properties under construction for investment and properties under construction with a view to sale

Development properties are those properties held with the intention to develop for future use as an investment property. When construction commences on such development properties, they are reclassified at fair value as a property under construction for investment. Such properties are recognised at fair value at each reporting date. Any gain or loss on remeasurement is taken direct to the Consolidated Income Statement. On completion, the property is transferred to investment properties.

Finance costs associated with direct expenditure on properties under construction to be held as an investment property or undergoing major refurbishment are capitalised. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Properties under construction with a view to sale are held within current assets at the lower of cost and net realisable value. Deemed cost comprises the fair value at the date the properties are designated as being for sale plus subsequent development costs.

(e) Plant and equipment

Plant and equipment comprises computers, furniture, fixtures and fittings and improvements to Group offices. These assets are stated at cost less accumulated depreciation and any recognised impairment, and are depreciated on a straight line basis over their estimated useful lives of between 3 and 4 years.

(f) Construction contracts

Construction contracts consist of properties that are being constructed in accordance with long term development contracts and for which the detailed design specification of each building is agreed with the purchaser. Where applicable the contracts are split into 3 component parts: sale of land; completed construction works at the date of entering into the contracts; and ongoing construction contracts.

Revenue on the sale of land and completed construction works is recognised at the point that control passes to the purchaser.

Revenue on construction contracts is recognised over time according to the stage reached in the contract by reference to the value of work completed using the percentage of completion method. The percentage of completion is calculated by reference to costs incurred on the building compared with the estimated total costs. The gross amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as payments on account.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

(g) Investments

Investments in associates and joint ventures are included in the financial statements using the equity method. In the Consolidated Balance Sheet, investments in associates and joint ventures are stated at the Group's share of net assets or liabilities. The Group's share of the profits or losses after tax of associates and joint ventures is included in the Consolidated Income Statement.

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Investments in entities which hold properties but where the Group's influence is not classified as significant are held as investments. The Group recognises any distribution received in the Income Statement and its share of revaluation gains and any other changes in net assets.

(h) Trade receivables
Trade receivables are recognised initially at fair value. The expected credit losses on these assets are estimated based on the Group's historical credit loss experience, adjusted for general economic conditions. Additional adjustments are made to allow for factors which are specific to each trade debtor. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned.

(i) Cash and cash equivalents
Cash and cash equivalents comprise cash balances, deposits held with banks and other short term highly liquid investments with original maturities of 3 months or less, which are held for the purpose of meeting short term cash commitments.

(j) Monetary deposits
Amounts held on deposit, which do not meet the criteria to be classified as cash and cash equivalents are classified as monetary deposits and accounted for at amortised cost.

(k) Trade and other payables
Trade and other payables are stated at amortised cost.

(l) Provisions
A provision is recognised in the Consolidated Balance Sheet when the Group has a present obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Borrowings
Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Consolidated Income Statement over the period of the borrowings, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

(n) Pension benefits
Contributions to defined contribution schemes are expensed as they fall due.

(o) Share capital
The Ordinary Shares are classed as equity. External costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(p) Revenue recognition
Revenue is measured at the transaction price of the consideration received or receivable and is stated net of discounts and VAT.

Revenue comprises rental income, service charges and other recoveries from tenants of the Group's properties, and income arising on long term contracts. Service charges and other recoveries include directly recoverable expenditure together with any chargeable management fees and are recognised as they fall due.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts.

Rental income from investment property leased out under an operating lease is recognised in the Consolidated Income Statement on a straight line basis over the term of the lease. Lease incentives granted, including lease modifications and comprising capital incentives and rent free periods, are recognised as an integral part of the net consideration for the use of the property and are therefore also recognised on the same straight line basis. An assessment of the credit risk of each tenant is also undertaken before rental income is recognised. An adjustment is made to ensure that the carrying value of the related property, including the accrued rent, amortised lease incentives and negotiation costs, does not exceed the external valuation.

Short term concessions granted to retail tenants as a result of the pandemic are accounted for as lease modifications and the cost spread over the remaining term of the lease.

Contingent rents, being those lease payments that are not fixed at the inception of a lease, for example turnover rents, are recorded as income in the periods in which they are earned.

Where revenue is obtained by the sale of assets, it is recognised when significant risks and returns have been transferred to the buyer. In the case of the sale of properties, this is on completion.

(q) Expenses

Property and contract expenditure incurred prior to the exchange of a contract is expensed as incurred.

Direct costs incurred in negotiating and arranging a new lease are amortised on a straight line basis over the period from the date of lease commencement to the earliest termination date.

(r) Impairment of tangible assets

The carrying amounts of the Group's non financial assets, other than investment, development and construction property (see (e) and (d) above), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the Consolidated Income Statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its net selling price and its value in use. The value in use is determined as the Net Present Value of the future cash flows expected to be derived from the asset, discounted using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount of an asset. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount which would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

(s) Derivatives

The Group uses interest rate derivatives to help manage its risk of changes in interest rates. In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes.

In order for a derivative to qualify for hedge accounting, the Group is required to document the relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate an assessment of the relationship between the hedged item and the hedging instrument which shows that the hedge will be effective on an ongoing basis. The effectiveness testing is performed at each Balance Sheet date to ensure that the hedge remains highly effective.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in the Statement of Comprehensive Income with any ineffective portion recognised immediately in the Consolidated Income Statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of a non financial asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non financial asset or a liability, amounts deferred in equity are recognised in the Consolidated Income Statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated Income Statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs at which time the gain or loss is recycled to the income statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

(t) Tax

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. The deferred tax effect of fair value adjustments arising from business combinations is incorporated in the Consolidated Balance Sheet.

The deferred tax provision carried in respect of the investment property portfolio has been calculated on the basis that the carrying amount of such properties is recoverable through sale.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that the Group is able to control the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the Consolidated Income Statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(u) Leases

The Group as lessee

Properties held under long term leases are capitalised at the lease's commencement at the lower of the fair value of the asset and the present value of the minimum lease payments having regard to residual value guarantees where applicable. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of costs incurred in establishing the finance lease obligation, are included in borrowings. The finance charges are charged to the Consolidated Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The asset is depreciated over its anticipated useful life subject to impairment testing for right of use assets.

The Group as lessor

All leases operated by the Group are tested to determine whether they qualify as operating leases or finance leases. Wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. No finance leases have been identified as a result of these tests.

Operating leases – rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Any incentives given to lessees, including variations to the original terms of the lease, are included in Other Non Current Assets and recognised on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are deferred and recognised on a straight line basis over the lease term.

Where material, service charge income is reported separately for leases where the tenant pays an inclusive rent.

Service charge income is recognised as income in the year in which the services are provided. The actual services provided in a year is determined by reference to the costs incurred.

Turnover rent is recognised by reference to the reported sales performances of certain retail tenants and the provisions of the individual leases.

(i) Dividends
Dividend distributions to the Company's shareholders are recognised in the Group's financial statements in the period in which the dividends are paid or approved by the Company's shareholders.

(w) Segmental analysis
The Group is managed as a single entity in one geographical area with internal management reporting prepared on this basis and as such has not prepared a segmental analysis in accordance with IFRS 8.

(x) Underlying earnings
The directors are of the opinion that analysing profit before tax between underlying earnings and capital and other items provides additional useful information for members of the Company. The term underlying earnings is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies. The adjustments made to reported results, included under Capital and other items, are as follows:

(i) *Net revaluation movements on properties*
The revaluation movements on properties are included in the Consolidated Income Statement but have been reclassified separately from the underlying results to enable members to better appreciate the operating performance.

(ii) *Fair value movements on financial instruments*
The commercial effect of the Group's hedging arrangements is that the majority of the Group's financial liabilities are at fixed rates. However, where the hedges are deemed ineffective the Consolidated Income Statement reflects the effects of movements in the fair values of these hedging instruments. As this introduces volatility in the Consolidated Income Statement which will not be reflected in the cash flows of the Group, fair value adjustments have been reclassified separately from the underlying results.

(iii) *Refinancing costs and gains*
These items have been reclassified from underlying earnings due to their size and infrequent occurrence.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The directors have made no critical accounting judgements that have a significant impact on the financial statements, apart from those involving estimations. The most critical estimates made by the directors in these financial statements are:

(i) Valuation of investment and development properties
The Group uses the valuations performed by its independent valuers as the fair value of its properties. The valuations are based upon assumptions including future rental income, anticipated void costs, the appropriate discount rate or yield, and, in the case of development properties, the estimated costs to completion. The valuers also make reference to market evidence of transaction prices for similar properties.

In relation to the valuation of retail properties, the valuers noted a reduced level of comparable investment transactions during 2021 as a result of the impact of the pandemic and the lockdown of much of the retail sector.

The sensitivity of changes in significant inputs to the valuation is summarised in Note 11 – Sensitivity of measurement changes in significant unobservable inputs.

(ii) Financial instruments
The fair values of financial instruments are determined by reference to the prices available on the markets on which they are traded or by reference to valuations provided by counter party financial institutions. The sensitivity of changes in interest rates to the fair value of financial instruments is summarised in Note 20. The fair value of derivative financial instruments is classified as level 2 in the fair value hierarchy.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

3. OPERATING PROFIT/LOSS

Operating profit represents the consolidated profit of the Group, including the Group's share of results of associates, but before net financing costs and tax.

	2021 £'000	2020 £'000
The operating profit is stated after charging:		
- depreciation (Note 11)	**4,641**	2,391
- directors' emoluments (Note 10)	**7,790**	11,641

Auditor's Remuneration

	2021 £'000	2020 £'000
Audit of Company	**95**	90
Audit of subsidiaries	**943**	671
Total audit	**1,038**	761
Audit related assurance services (interim reviews)	**9**	8
Other assurance services (service charge assurance work)	**57**	54
Audit and related assurance services	**1,104**	823
Other non audit services	**–**	18
Total fees	**1,104**	841
Occupational pension scheme audits	**17**	17
Other non audit services not charged to operating profit	**181**	–

4. PERFORMANCE MEASURES, INCLUDING ADJUSTED PERFORMANCE MEASURES

Basic earnings and losses per share:

	2021		2020	
	Earnings £m	**Per share p**	Earnings/ (losses) £m	Per share p
Underlying profit for the year before tax	**51.9**	**7.0**	84.3	11.4
Capital and other items	**53.3**	**7.2**	(588.0)	(79.4)
Tax	**(11.5)**	**(1.5)**	(7.6)	(1.1)
Profit/(loss) after tax	**93.7**	**12.7**	(511.3)	(69.1)

Underlying earnings is defined and its purpose explained in Note 1(x).

Earnings and losses per share for 2021 has been calculated by reference to the profit attributable to equity shareholders of £93.7m for 2021 (2020 – loss of £511.3m) and on the weighted average of 740.4m Ordinary Shares in issue (2020 – 740.4m).

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

Adjusted net assets per share:

	2021 £m	2020 £m
Balance sheet net assets	**3,792.6**	3,691.0
Adjustment for: deferred tax	**7.4**	18.5
Mark to market of derivatives	**491.3**	645.4
	4,291.3	4,354.9
Less: capital contributions	**(153.0)**	(153.0)
Add: dividends	**24.3**	20.6
Adjusted net assets	**4,162.6**	4,222.5
Net assets per share	**512p**	499p
Adjusted NAV per share	**562p**	570p

Adjusted NAV per share excludes fair value adjustments on derivatives and deferred tax in both years. Adjusted NAV also excludes the cash element of the capital contributions received in April 2015 totalling £153.0m and subsequent distributions totalling £24.3m (2020 – £20.6m). The underlying reduction in adjusted NAV per share for the year was 8p (2020 – 59p).

Capital contributions and dividends have been added back so that adjusted net assets can be better compared over time.

5. REVENUE

	2021 £m	2020 £m
Rent receivable	**271.7**	262.3
Recognised incentives and committed rent increases	**24.2**	25.8
	295.9	288.1
Service charge income	**95.6**	95.3
Other recoveries from tenants	**21.6**	25.5
Residential rent	**3.4**	–
Termination of leases	**3.2**	17.9
Gross development, rental and related income	**419.7**	426.8
Service charge and other direct property expenses	**(136.1)**	(127.6)
Residential cost of sales	**(5.6)**	–
Movement in accruals and provisions for leasehold commitments	**–**	(0.1)
Payments on termination of leases	**(1.3)**	(8.2)
Net development, rental and related income	**276.7**	290.9

In 2021, the Group had one major customer, contributing £73.4m of Group revenue (2020 – one major customer contributing £70.7m).

Rent receivable included contingent rents of £3.1m (2020 – £1.1m).

No revenue or costs have been recognised in relation to construction contracts in either year.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

6. NET REVALUATION MOVEMENTS ON PROPERTY AND INVESTMENTS

	2021 £m	2020 £m
Revaluation of:		
– investment properties	**(123.1)**	(418.0)
– properties under construction	**18.8**	(71.8)
– development properties	**10.8**	(24.6)
	(93.5)	(514.4)

In accordance with IAS 40 (amended), the revaluation movement on development properties is recognised in the Consolidated Income Statement. At 31 December 2021, a cumulative revaluation surplus on development properties of £570.6m had been recognised (31 December 2020 – £611.0m). There were no development properties where market value was less than historical cost at either 31 December 2021 or 31 December 2020.

7. NET FINANCING COSTS

	2021 £m	2020 £m
Interest revenue		
Deposits, other loans and securities	**0.1**	0.6
Interest expense		
Notes and debentures	**(82.7)**	(86.4)
Green Bonds	**(22.5)**	–
Construction loan interest	**(22.1)**	(24.1)
Other bank loans, overdrafts and other interest payable	**(62.6)**	(80.7)
Obligations under long term property lease	**(6.1)**	(6.1)
Accelerated amortisation of deferred financing costs	**(4.3)**	(1.2)
	(200.3)	(198.5)
Interest transferred to properties under construction	**26.4**	42.5
Associated undertakings net interest payable	**(4.1)**	(3.6)
Total underlying interest expense	**(178.0)**	(159.6)
Underlying net financing costs	**(177.9)**	(159.0)
Other financing income/(costs)		
Valuation movements on fair value of derivatives	**149.0**	(65.7)
Swap break costs	**(3.2)**	–
Hedging reserve recycling	**(5.0)**	(5.2)
	140.8	(70.9)
Net financing costs	**(37.1)**	(229.9)
Total financing income	**0.1**	0.6
Total financing expenses	**(37.2)**	(230.5)
Net financing costs	**(37.1)**	(229.9)

Financing fees included in interest payable totalled £15.6m in 2021 (2020 – £10.7m).

The amount transferred to properties under construction and held for development comprised £13.4m attributable to the cost of funds of the Group's general borrowings (2020 – £22.9m) and £13.0m of finance costs recognised on the construction loan facilities which are being utilised to finance certain of the development expenditure on the Estate (2020 – £22.9m). Capitalised general interest has been calculated by reference to the costs incurred by the Group on developing the properties where construction is taking place, and is being funded by the Group's general cash resources and the weighted average cost of related debt for the year of 3.7% (2020 – 3.7%).

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

In 2021, £5.0m (2020 – £5.2m) was recycled to the Consolidated Income Statement from the hedging reserve as the corresponding hedged cash flows occurred in the year.

In 2021, £2.3m of fair value gains (2020 – £4.1m of losses) on interest rate swaps were taken to the hedging reserve. At 31 December 2021, these hedging instruments were entered into in connection with the Green Bonds. At 31 December 2020, these hedging instruments were entered into in connection with the retail loan, the loan secured against 7 Westferry Circus and certain of the Group's construction facilities.

8. TAX

	2021 £m	2020 £m
Tax charge		
Current tax charge to income	**(22.6)**	(5.1)
Deferred tax credit/(charge)	**11.1**	(2.5)
Group total tax	**(11.5)**	(7.6)
Tax reconciliation		
Group profit/(loss) on ordinary activities before tax	**105.2**	(503.7)
Tax on profit/(loss) on ordinary activities at UK corporation tax rate of 19.0% (2020 – 19.0%)	**(20.0)**	95.7
Effects of:		
Change in tax rate	**(1.7)**	(1.4)
Adjustments in respect of prior years	**1.3**	0.6
Profits and losses non taxable under the REIT regime	**12.5**	(100.5)
Movement in tax losses not recognised as deferred tax assets	**(4.6)**	–
Tax charge on internal restructuring	**2.9**	–
Expenses not deductible for tax purposes	**(1.7)**	(1.4)
Other differences	**(0.2)**	(0.6)
Group total tax	**(11.5)**	(7.6)

Taking into account the availability of brought forward tax losses and other reliefs, and adjusted for a provision for adjustments to liabilities of prior years, a corporation tax charge of £22.6m has been recognised in the year (2020 – £5.1m). The accrual for corporation tax payable increased to £46.6m at 31 December 2021, in comparison with £35.2m at 31 December 2020 (Note 17).

	Losses & tax credits £m	Fair value of derivatives £m	Other £m	**Total £m**
Deferred tax assets				
1 January 2020	0.7	–	0.5	**1.2**
(Charge)/credit to income	(0.6)	0.1	0.1	**(0.4)**
31 December 2020	0.1	0.1	0.6	**0.8**
(Charge)/credit to income	(0.1)	(0.1)	0.1	**(0.1)**
31 December 2021	**–**	**–**	**0.7**	**0.7**

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

	Revaluation surpluses £m	Other £m	**Total £m**
Deferred tax liabilities			
1 January 2020	(16.7)	(0.5)	**(17.2)**
(Charge)/credit to income	(2.4)	0.3	**(2.1)**
31 December 2020	(19.1)	(0.2)	**(19.3)**
Credit/(charge) to income	11.7	(0.5)	**11.2**
31 December 2021	**(7.4)**	**(0.7)**	**(8.1)**

All deferred tax assets and liabilities may potentially be offset. The amount at which deferred tax is stated, after offsetting for financial reporting purposes, comprises:

	£m
Net liability at 1 January 2020	(16.0)
Charge to income	(2.5)
Net liability at 31 December 2020	(18.5)
Charge to income	11.1
Net liability at 31 December 2021	**(7.4)**

The standard rate of corporation tax payable by the Group is 19.0%. At 31 December 2020, deferred tax was provided by reference to that enacted corporation tax rate. The Finance Act 2021 increased the rate to 25.0% in 2023 and accordingly, at 31 December 2021, deferred tax was provided by reference to this increased enacted corporation tax rate.

At 31 December 2021, the net deferred tax liability relates primarily to the upward revaluation of owner occupied space, which is not anticipated to crystallise within one year.

9. OPERATING LEASES

Leases with the Group as lessor
The Group leases out its investment properties under operating leases as defined by IFRS 16.

At 31 December 2021, the weighted average unexpired lease term under non cancellable operating leases for the entire investment property portfolio, including retail, was 8.8 years (2020 – 10.8 years).

The future aggregate minimum rentals receivable under non cancellable leases, excluding contingent rental income, at the balance sheet dates are as follows:

	31 December 2021 £m	31 December 2020 £m
Within one year	**279.7**	264.4
Between 2 and 5 years	**1,041.8**	992.2
After 5 years	**1,629.0**	1,631.3
	2,950.5	2,887.9

10. DIRECTORS AND EMPLOYEES

With the exception of fees paid to certain non executive directors, all other staff costs relate to employees of Canary Wharf Group.

Staff costs – all employees of the Group, including directors:

	2021 £m	2020 £m
Wages and salaries	**96.9**	114.6
Social security costs	**11.3**	13.7
Other pension costs	**6.7**	7.2
	114.9	135.5

The staff cost for 2021 shown in the table above is stated net of £0.5m (2020 – £1.4m) claimed through the UK government's furlough scheme.

The average monthly number of employees during 2021 was 1,217 (2020 – 1,307) as set out below:

	2021	2020
Construction	**230**	313
Property management	**758**	749
Administration	**229**	245
	1,217	1,307

Directors' remuneration

	2021 £'000	2020 £'000
Emoluments paid or payable (including pension contributions)	**7,790**	11,641

Highest paid director

	2021 £'000	2020 £'000
Highest paid director	**4,758**	9,058

No pension plan is operated by the Company. One of the directors participates in Canary Wharf Group's pension scheme and the Group made contributions to the scheme on behalf of that director of £2,588.

Other directors
No travel and other subsistence expenses were reimbursed to non executive directors in either 2021 or 2020.

Key management
The business of the Company is the management of its investment in Canary Wharf Group. The overall business decisions of the Company are managed by the Board and its committees. Remuneration of the directors is as disclosed above.

Pension schemes
The Group currently operates a defined contribution pension scheme. The assets of this scheme are held in an independently administered fund. The pension cost, which amounted to £6.7m (2020 – £7.2m), represents contributions payable by the Group during the year.

Directors' share allocations/long term benefits
No executive share allocation plan has been adopted by the Company. A scheme of deferred payments based on notional shares and the adjusted NAV of the Group has been operated for certain directors and senior employees of Canary Wharf Group. In accordance with the terms of this deferred payment scheme, during 2021, directors of the company received payments totalling £3.5m (2020 – £6.9m).

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

11. INVESTMENT, DEVELOPMENT AND CONSTRUCTION PROPERTIES, WORK IN PROGRESS AND PLANT AND EQUIPMENT

Non current and current property assets at 31 December 2021 comprised:

	Investment properties £m	Under construction to be retained £m	Development properties £m	Total non current assets £m	Work in progress £m	**Property portfolio total £m**
Fair value at 1 January 2021	6,547.6	745.9	963.4	8,256.9	–	**8,256.9**
Adjust for brought forward:						
– tenant incentives*	(213.8)	–	–	(213.8)	–	**(213.8)**
– unamortised lease negotiation costs*	(16.3)	(2.0)	–	(18.3)	–	**(18.3)**
– obligations under long term property lease (Note 22)	–	–	62.2	62.2	–	**62.2**
Carrying value at 1 January 2021	6,317.5	743.9	1,025.6	8,087.0	–	**8,087.0**
Additions	20.8	68.2	28.4	117.4	5.0	**122.4**
Capitalised interest	–	16.7	9.2	25.9	0.5	**26.4**
Transfers/disposals	655.7	(589.1)	(92.4)	(25.8)	25.8	**–**
Revaluation movement	(123.1)	18.8	10.8	(93.5)	–	**(93.5)**
Carrying value at 31 December 2021	**6,870.9**	**258.5**	**981.6**	**8,111.0**	**31.3**	**8,142.3**
Adjust for:						
– tenant incentives*	237.1	3.3	–	240.4	–	**240.4**
– unamortised lease negotiation costs*	15.6	2.4	–	18.0	–	**18.0**
– obligations under long term property lease (Note 22)	–	–	(62.2)	(62.2)	–	**(62.2)**
– unrealised fair value movement	–	–	–	–	(0.7)	**(0.7)**
Fair value at 31 December 2021	**7,123.6**	**264.2**	**919.4**	**8,307.2**	**30.6**	**8,337.8**

*Refer to Note 14 for further details.

Properties held for sale currently comprises the building being developed at 8 Harbord Square which is being developed for the purpose of sale and consequently is disclosed as a current asset in the Consolidated Balance Sheet.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Non current property assets at 31 December 2020 comprised:

	Investment properties £m	Under construction to be retained £m	Development properties £m	**Total £m**
Fair value at 1 January 2020	6,881.8	669.0	986.7	**8,537.5**
Adjust for brought forward:				
– tenant incentives*	(184.3)	–	–	**(184.3)**
– unamortised lease negotiation costs*	(19.4)	(0.5)	–	**(19.9)**
– obligations under long term property lease (Note 22)	–	–	62.2	**62.2**
Carrying value at 1 January 2020	6,678.1	668.5	1,048.9	**8,395.5**
Additions	13.8	125.6	57.2	**196.6**
Capitalised interest	–	32.9	9.6	**42.5**
Transfers/disposals	47.3	(11.3)	(65.5)	**(29.5)**
Revaluation movement	(418.0)	(71.8)	(24.6)	**(514.4)**
Transfer to tenant incentives	(3.7)	–	–	**(3.7)**
Carrying value at 31 December 2020	**6,317.5**	**743.9**	**1,025.6**	**8,087.0**
Adjust for:				
– tenant incentives*	213.8	–	–	**213.8**
– unamortised lease negotiation costs*	16.3	2.0	–	**18.3**
– obligations under long term property lease (Note 22)	–	–	(62.2)	**(62.2)**
Fair value at 31 December 2020	**6,547.6**	**745.9**	**963.4**	**8,256.9**

*Refer to Note 14 for further details.

Recurring fair value measurement

The fair value of the Group's property portfolio at 31 December 2021 was £8,337.8m (31 December 2020 – £8,256.9m).

IFRS 13 establishes a fair value hierarchy that classifies valuation inputs into 3 levels:

- Level 1: Unadjusted quoted prices in active markets;
- Level 2: Observable inputs other than quoted prices included within level 1;
- Level 3: Unobservable inputs.

Substantially all of the Group's properties are valued externally by qualified valuers, with office properties and future development sites valued by either CBRE Limited or Savills Commercial Limited and retail properties valued by Cushman & Wakefield. The fair values of all of the Group's properties are classified as Level 3.

Fair value of the Group's properties at 31 December 2021 analysed by valuer:

	2021 £m	2020 £m
CBRE	4,701.8	4,576.7
Savills	2,870.0	2,909.5
Cushman and Wakefield	762.0	767.0
Internal valuation	4.0	3.7
	8,337.8	8,256.9

Valuation process

Property valuations are assessed on the basis of valuation reports prepared by the external valuers. The properties are valued individually and not as part of a portfolio and no allowance has been made for expenses of realisation or for any tax that might arise. In accordance with market practice, the valuations reflect deductions in respect of purchaser's costs and, in particular, liability for Stamp Duty Land Tax as applicable at the valuation date.

These valuations conform to International Valuation Standards and are arrived at by reference to market transactions for similar properties based on:

- Information provided by the Company, such as current rents, terms and conditions of lease agreements, service charges and capital expenditure. This information is derived from the Company's financial and property management systems and is subject to the Company's overall control environment; and
- Assumptions and valuation models adopted by the valuers. These assumptions (referred to by IFRS 13 as unobservable inputs) are typically market related, such as rental values, yields and discount rates. They are based on the valuers' professional judgement and market observation.

The key property valuations are driven principally by the terms of the leases in place at the valuation date. These determine the majority of the cash flow profile of the property for a number of years and therefore form the base of the valuation. The valuation assumes adjustments from these rental values to current market rent at the time of the next rent review and as leases expire and are replaced by new leases. The current market level of rent is assessed based on evidence provided by the most recent relevant leasing transactions and negotiations. This is based on evidence available to the valuers at the date of valuation.

The information provided to the valuers, and the assumptions and the valuation models used by the valuers, are reviewed by the Group's executive directors. When the valuation reports are considered appropriate they are recommended for adoption by the Audit Committee which considers the valuation reports as part of its overall responsibilities.

Valuation techniques used for Level 3

The following valuation techniques can be used for any given category of property:

- Discounted cash flow using the following inputs: net current rent, estimated rental value (annual rent), terminal value, discount rate.
- Yield methodology using net current rent or estimated market rental value, capitalised with a market capitalisation rate.

The resulting valuations are cross checked against the initial yields and the fair market values per square foot derived from actual market transactions.

For properties under construction, the fair value is usually calculated by estimating the fair value of the completed property (using either of the above mentioned methodologies) less estimated costs to completion.

There were no transfers of properties between Levels 1, 2 and 3 during the period and all properties were classified as Level 3 at both the beginning and end of the period. There have been no changes in valuation technique since the previous year.

Sensitivity of measurement to charges in significant unobservable inputs

A fall in the estimated annual rents will reduce the fair value.

An increase in the discount rates and the capitalisation rates (used for both the direct capitalisation method or terminal value of discounted cash flow method) will reduce the fair value.

For properties under construction or held for development, an increase in the estimated cost to completion and/or in the forecast time to complete will reduce the fair value. The incurrence of such costs over the period to completion will increase fair value.

There are interrelationships between these inputs as they are partially determined by market conditions.

A movement in more than one unobservable input could magnify the impact on the valuation. Alternatively, the impact on the valuation could be mitigated by the interrelationships of two unobservable inputs moving in opposite directions, eg an increase in ERV may be offset by an increase in yield, resulting in no net impact on the valuation.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

Transactions relating to property assets

Construction commenced in January 2018 on a 64,300 sq ft private members club which reached practical completion in October 2020 and was transferred from under construction to completed investment properties at its assessed fair value of £47.3m.

Construction of the Newfoundland building, a residential building targeted for the private rental sector, reached practical completion in Q2 2021 and was transferred to completed investment properties at its assessed fair value of £545.0m.

The remaining £110.7m transferred to completed buildings relates to the Water Street floating pavilions and various affordable and community use projects comprising a school, GP surgery, 2 affordable rental buildings and one intermediate affordable rental building, to support the residential offering at Wood Wharf.

The commercial buildings comprising 15 Water Street and 20 Water Street achieved base build practical completion in November 2021 although significant fitout works continue to be carried out in both buildings which will be reclassified as investment property in 2022. Substructure works were completed on a new PFS building at 5/8 Harbord Square and superstructure works have commenced.

The residential property at 8 Harbord Square was transferred to properties held for sale at its fair value at that time of £25.8m.

At 31 December 2021, properties under construction included £115.4m of capitalised interest compared with £105.4m at 31 December 2020.

Included in investment properties is an amount of approximately £55.0m (31 December 2020 – £59.1m) in respect of property occupied by the Group, which in the opinion of the directors is not material for separate classification.

The historical cost of properties held as non current assets at 31 December 2021 was £5,457.9m (31 December 2020 – £5,340.5m).

Direct operating expenses arising from investment properties that did not generate rental income in the year totalled £21.5m (2020 – £18.6m).

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

Quantitative information about fair value measurements using unobservable inputs (Level 3)

	Fair value at 31 December 2021 £m	Valuation techniques	Unobservable inputs	Range or (weighted average)
Investment properties:				
– Offices	**5,589.4**	Discounted cash flow	Annual rent psf (ERV)	£37.50 – £60.00 psf (i)
			Discount rate	4.00% – 8.5% (5.88%)
			Capitalisation rate for terminal value	3.88% – 7.0% (5.27%)
		Yield methodology	Annual rent psf (ERV)	As above (i)
			Capitalisation rate	4.10% – 6.00%
			– Initial yield	(4.75%)
			– Equivalent yield	(4.84%)
– Retail and parking	**851.9**	Discounted cash flow	Annual rent psf (ERV)	£128 ZA – £315 ZA (ii) (£205 ZA)
			Discount rate	7.36%
			Capitalisation rate for terminal value	5.5%
		Yield methodology	Annual rent psf	As above (ii)
			Capitalisation rate	
			– Initial yield	(5.4%)
			– Equivalent yield	(6.1%)
– PRS	**580.9**	Yield methodology	Annual Rent	£46.65psf
			Capitalisation rate	3.15%
– Community	**101.4**	Discounted cash flow	Annual rent psf	£19.2 - £26.80 psf
			Discount rate	6.35% – 8.40%
		Yield methodology	Annual rent psf	As above
			Capitalisation rate	4.28% - 5.4%
	7,123.6			
Properties under construction to be retained:				
– Offices	**264.2**	Capitalised net revenues less costs to complete	Capitalised net revenues	£55.00 – £60.00 psf (iii)
			Estimated costs to complete	(iv)
Properties held for development:	**919.4**	Capitalised net revenues less costs to complete	Capitalised net revenues	(iii), (iv)
			Estimated costs to complete	(iii), (iv)
Properties held for sale	**30.6**	Value at transfer	Estimated costs to complete	(iv)
Total for entire property portfolio	**8,337.8**			

Notes:
(i) ERV dependant on age, condition, building and floor.
(ii) Zone A to depth of 20 feet.
(iii) Capitalised net revenues calculated using estimated rentals and capitalisation rates derived from prior transactions and/or comparable transactions in the market.
(iv) Costs to complete are estimated for each construction project taking into account the stage of completion and the total estimated costs for the project.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

Plant and equipment
Plant and equipment comprises computers, furniture, fixtures and fittings and improvements to Group offices. These assets are stated at cost less accumulated depreciation and are depreciated to their anticipated residual value at the rates set out in Note 1(e).

	31 December 2021 £m	31 December 2020 £m
Opening balance	**8.4**	6.3
Additions	**5.1**	4.5
Depreciation	**(4.6)**	(2.4)
Closing balance	**8.9**	8.4

12. INVESTMENTS

The investments balance comprises:

	2021 £m	2020 £m
Shares	**129.2**	117.0
Fees on acquisition	**2.0**	2.0
Share of post acquisition profits	**(3.2)**	2.0
Fair value adjustments	**129.9**	122.5
Impairment of investment	**(0.4)**	(0.4)
Distributions	**(125.6)**	(125.6)
	131.9	117.5

The fair values of all equity securities are based on the net assets of those companies as adjusted for the fair values of assets and liabilities.

Investments comprise:

	2021 £m	2020 £m
Associates and joint ventures	**96.7**	80.1
Other investments	**35.2**	37.4
	131.9	117.5

Associates and joint ventures
The carrying value of the investment in associates and joint ventures comprised:

At 31 December 2021	Vertus £m	Charter Street £m	20 Fenchurch Street £m	**Total £m**
Initial investment	70.2	22.2	0.1	**92.5**
Fees	2.0	–	–	**2.0**
Recognised share of (losses)/profits	(10.1)	–	8.3	**(1.8)**
Distribution	–	–	(125.6)	**(125.6)**
Revaluation surplus	12.2	–	117.4	**129.6**
	74.3	**22.2**	**0.2**	**96.7**

The directors consider that the values of the projects are not less than the amounts invested at the balance sheet date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Details of the Group's associates and joint ventures at 31 December 2021 are as follows:

	Date of acquisition	Country of incorporation	Ownership interest %
Vertus	March 2017	UK/Jersey	50.0
One Charter Street	December 2020	UK/Jersey	50.0
20 Fenchurch Street	October 2010	UK/Jersey	30.0

Vertus

On 30 March 2017, the Group transferred 2 properties with a combined carrying value of £79.8m into a new joint venture in which the Group has a 50.0% interest with the remaining 50.0% being owned by the Group's ultimate shareholders. The Group invested £14.3m of cash in the structure and incurred fees of £2.0m. The joint venture subsequently settled certain of its liabilities with the Group and as a result the initial carrying value of the investment was £70.2m. In 2021, the construction loan facility utilised to fund the construction of the property at 10 George Street was refinanced with a £140.0m investment loan and in accordance with the infrastructure loan agreement, £12.6m of the Group's infrastructure loan was also repaid During the year the Group's share of operating income/(costs), net interest payable and revaluation movements was £4.4m (2020 – loss of £2.1m).

One Charter Street

On 17 December 2020, the Group entered into a joint venture with Edyn for the development of One Charter Street, Wood Wharf, as an aparthotel. Under the terms of the agreements entered into on that date, a Group company will fund the development on a 50:50 basis. A Group subsidiary will act as construction manager and Edyn will be appointed as operator of the aparthotel on completion. Edyn is a subsidiary of the Group's ultimate 50.0% shareholder Brookfield.

20 Fenchurch Street

In October 2010, the Group entered into a joint venture with Land Securities to develop 20 Fenchurch Street. After syndication, the Group retained a 15.0% equity interest in the joint venture and acted as sole construction manager and joint development manager. In August 2017, the Group disposed of its interest in 20 Fenchurch Street by selling its share of the units in the Canary Wharf FS Unit Trust and its equity interest in 20 Fenchurch Street (GP) Limited. The Group retains an investment of £0.2m in the syndicate entities in which it holds a 30.0% interest and these will be wound up when their remaining obligations have been satisfied.

Financial Information

The Vertus and One Charter Street entities have 31 December financial year ends. Following the sale of the Group's interest in 20 Fenchurch Street, the remaining syndicate entities in which the Group has an interest also have a 31 December year end. The results of the joint venture entities attributable to the Group have been derived from their latest available management accounts after making any necessary adjustments for the Group's accounting policies. The Group's share of the profits and losses of its joint ventures and associates is as follows:

Summarised profit and loss accounts for 2021	Vertus £m	Group share £m
Net operating income	0.6	0.3
Revaluation movement	16.4	8.2
Net interest payable	(8.2)	(4.1)
Profit before and after tax	8.8	4.4

Summarised profit and loss accounts for 2020	Vertus £m	Group share £m
Net operating costs	(1.4)	(0.7)
Revaluation movement	4.4	2.2
Net interest payable	(7.2)	(3.6)
Loss before and after tax	(4.2)	(2.1)

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Summarised balance sheets at 31 December 2021	Vertus £m	Charter Street £m	20 Fenchurch Street £m
Total assets	485.0	71.2	0.4
Total liabilities	(336.4)	(26.8)	–
Net assets	148.6	44.4	0.4
Group share	74.3	22.2	0.2

Summarised balance sheets at 31 December 2020	Vertus £m	Charter Street £m	20 Fenchurch Street £m
Total assets	452.8	39.5	1.1
Total liabilities	(313.1)	(19.5)	(0.2)
Net assets	139.7	20.0	0.9
Group share	69.9	10.0	0.2

*Note:
The Group share of the net assets of 20 Fenchurch Street is calculated by reference to the Group's remaining interest in the syndicate of 30.0%.

Other Investments

In June 2015, the Group acquired a 10.0% interest in an SLP established to acquire 10 Upper Bank Street. At 31 December 2021, the carrying value of the investment comprised the initial investment of £36.1m plus the Group's share of the movement in the net assets of the SLP. This was primarily attributable to the revaluation deficit recognised on the building and other profits since acquisition of £17.8m and the recognition of an out of the money interest rate swap valuation of £3.8m of which the Group's share was £1.1m. This resulted in a carrying value of £35.0m, a reduction of £2.2m in the year.

The Group continues to own an interest in HighSpeed Office Limited, an unlisted company, equivalent to approximately 13.0% of its nominal share capital. The carrying value of the investment at 31 December 2021 was £0.2m (31 December 2020 – £0.2m).

13. TRADE AND OTHER RECEIVABLES

	2021 £m	2020 £m
Trade receivables	**42.7**	39.8
Other receivables	**37.0**	34.9
Prepayments and accrued income	**28.4**	26.8
Deferred financing expenses	**0.2**	4.3
Amounts owed by Vertus undertakings	**33.0**	45.0
Amounts owed by CWGRL	**88.7**	31.0
Total trade and other receivables	**230.0**	181.8

The amount owed by Vertus undertakings comprises the proportion of the Group's infrastructure loan which is attributable to the Vertus properties of £52.2m less £19.2m of costs incurred by Vertus entities on behalf of the Group which remained outstanding at 31 December 2021 (2020 – £64.1m less £19.1m incurred by Vertus on behalf of the Group on behalf of Vertus entities).

The amount owed by CWGRL undertakings at 31 December 2021 comprised the proportion of the Group's infrastructure loan which is attributable to the CWGRL properties of £87.3m (Note 21) plus £1.4m incurred on behalf of CWGRL. In 2020, the amount owed by CWGRL undertakings comprised the proportion of the Group's infrastructure loan attributable to the CWGRL properties of £76.0m less £45.0m incurred by CWGIH on behalf of CWGRL.

At 31 December 2021, trade receivables included 3 trade debtors in excess of £1.0m, with an aggregate amount outstanding of £9.0m representing 21.0% of gross trade receivables at that date. All of these debtors were owed by related parties.

Trade receivables more than 61 days past due at 31 December 2021 totalled £17.6m (31 December 2020 – £30.2m), of which £4.6m was related to entities that are 50.0% owned by CWGRL. As a result of the support provided by the Group to retail tenants in the year, a doubtful debt provision of £3.0m was recognised at the year end (31 December 2020 – £6.1m). In addition, the bad debt expense for the year was £0.7m (2020 – £0.5m). In calculating the bad debt provision, the Group has considered the expected credit loss using the simplified approach as specified in IFRS 9. The credit risk of each tenant is assessed on a case by case basis and income is recognised accordingly. The credit risk is mitigated by rent and service charge income being billed quarterly in advance.

An agreed claim of $350.0m against LBHI has been approved by the US Bankruptcy Court for the Southern District of New York. This claim related to the occupation of 25 Bank Street by LBL under a lease where LBHI acted as surety. On 14 October 2014, the Group received $65.2m from LBHI. Under the terms of an agreement with JP Morgan in connection with its acquisition of 25 Bank Street in December 2010, any settlement of the claim is to be shared 50:50 with JP Morgan net of fees and costs.

The Group estimates that the eventual recovery from LBHI will be in the order of $100.0m, equivalent to 28.6% of the $350.0m claim. Recoveries to date total $95.5m and have been shared 50:50 with JP Morgan net of any further fees and costs. Tax has been provided on the gross amount of the claim. The anticipated net receivable amount included in prepayments and accrued income at 31 December 2021 is £0.5m.

Prepayments and accrued income exclude the cumulative adjustment in respect of lease incentives (Note 14).

Financial assets and liabilities

The Group has considered the expected credit risk associated with the other classes of its financial assets and concluded that no impairment provision is required. One of the Group's largest financial assets are its cash balances which are monitored on a daily basis, together with the credit risk of our relationship banks to ensure appropriate counterparty risk management.

14. TENANT INCENTIVES AND OTHER NON CURRENT ASSETS

	Rent free periods £m	Other tenant incentives £m	Total tenant incentives £m	Deferred negotiation costs £m	**Total £m**
1 January 2020	69.6	114.7	184.3	19.9	**204.2**
Transferred from investment property	–	3.7	3.7	–	**3.7**
Recognition of rent during rent free periods	45.1	–	45.1	–	**45.1**
Amortisation	(10.6)	(8.7)	(19.3)	(1.6)	**(20.9)**
Deferred lease negotiation costs	–	–	–	–	**–**
31 December 2020	**104.1**	**109.7**	**213.8**	**18.3**	**232.1**
Incentives paid	–	2.4	2.4	–	**2.4**
Recognition of rent during rent free periods	43.5	–	43.5	–	**43.5**
Amortisation	(13.0)	(6.3)	(19.3)	(1.2)	**(20.5)**
Deferred lease negotiation costs	–	–	–	0.9	**0.9**
31 December 2021	**134.6**	**105.8**	**240.4**	**18.0**	**258.4**

Lease incentives include rent free periods and other incentives given to lessees on entering into lease arrangements. Negotiation costs comprises letting agent and other professional fees incurred in securing lettings.

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15. MONETARY DEPOSITS

Monetary deposits comprise amounts held on deposit with original maturities in excess of 3 months or not held for the purpose of meeting short term cash commitments. These deposits are charged, relate to the Group's construction contracts and mature over the life of those contracts.

	2021 £m	2020 £m
Monetary deposits held at bank	**2.3**	2.3

The effective interest rate on monetary deposits at 31 December 2021 was nil% (31 December 2020 – nil%).

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	2021 £m	2020 £m
Unrestricted cash	**98.7**	276.1
Collateral for borrowings	**132.3**	113.5
Security for obligations	**10.1**	13.9
	241.1	403.5

Cash and cash equivalents comprise cash held by the Group and cash equivalents with an original maturity of 3 months or less. The carrying amount of these assets approximates their fair value.

The effective interest rate on cash and cash equivalents at 31 December 2021 was 0.1% (31 December 2020 – nil%) and the deposits had an average maturity of 1 day (31 December 2020 – 1 day).

The Group's collateral for borrowings can be analysed by the borrowings to which it relates as follows:

	2021 £m	2020 £m
Securitised debt	**68.6**	58.4
Secured loans	**43.6**	27.4
Loan notes	**20.1**	27.7
	132.3	113.5

Of the cash collateral disclosed above, all of the secured loans balance and £25.1m of the securitised debt balance (31 December 2020 – £21.8m) represents rental payments from tenants received in advance.

The balance of cash collateral for borrowings disclosed above is held to reduce the exposure of the lenders to certain risks such as cash collateralising the Group's exposure on vacant property. These amounts are released from charge as and when such risks are eliminated in accordance with the terms of the loans.

17. TRADE AND OTHER PAYABLES AND CORPORATION TAX

	2021 £m	2020 £m
Trade payables	**27.0**	63.8
Tax and social security costs	**9.6**	12.0
Other payables	**46.8**	45.3
Other accruals	**86.0**	69.9
Deferred income	**71.6**	64.8
Total trade and other payables	**241.0**	255.8
Corporation tax	**46.6**	35.2

In preparing the December 2020 report, £33.2m was classified as other accruals which should have been classified as deferred income. This error has been corrected in the comparative balances disclosed in the previous table.

Trade and other payables includes £128.7m of financial liabilities at 31 December 2021 (31 December 2020 – £231.4m). These amounts are all payable on demand.

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and construction costs. The average credit period taken for trade purchases is 33 days (31 December 2020 – 55 days). For those suppliers that do charge interest, no interest is charged on the trade payables for the first 28 days from the date of the invoice. Thereafter interest is charged on the outstanding balances at various interest rates which are determined by reference to the terms of each such agreement. The Group has financial risk management policies in place which seek to ensure that all payables are paid within the credit timeframe. The directors consider that the carrying amount of trade payables approximates their fair value. For further information on corporation tax, refer to Note 8.

18. CURRENT PORTION OF LONG TERM BORROWINGS

The current portion of long term borrowings comprises:

	2021 £m	2020 £m
Accrued interest payable	**18.9**	18.5
Repayable within one year:		
– securitised debt	**29.3**	29.3
– secured loans	**339.2**	1,077.6
Long term borrowings repayable within one year	**387.4**	1,125.4

The terms of the Group's loan facilities are summarised in Note 21.

19. BORROWINGS

Non current liability borrowings comprise:

	2021 £m	2020 £m
Securitised debt	**1,382.4**	1,415.0
Green Bonds	**888.1**	–
Secured loans	**1,462.9**	1,538.1
Construction loans	**251.1**	244.1
	3,984.5	3,197.2

The terms of the Group's loan facilities are summarised in Note 21.

20. DERIVATIVE FINANCIAL INSTRUMENTS

Hedge accounting
The Group uses interest rate swaps and caps to hedge exposure to the variability in cash flows on floating rate debt, including its bank facilities and floating rate bonds, caused by movements in market rates of interest. At 31 December 2021, the fair value of these derivatives resulted in the recognition of a liability of £491.3m (31 December 2020 – a liability of £645.4m), of which £5.8m (31 December 2020 – £3.9m) was recognised in respect of cash flow hedges which qualify for hedge accounting.

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	2021 £m	2020 £m
Net liabilities:		
Other secured loans	–	6.9
Due within one year	–	6.9
Securitisation	**311.1**	401.1
Green Bonds	**5.8**	–
Other secured loans	**174.4**	237.3
Due after more than one year	**491.3**	638.5
	491.3	645.4

The fair value of the derivatives are stated net of a credit value/debit value adjustment reflecting the credit worthiness of the parties to the derivatives. This served to reduce the net liability of the derivatives by £10.0m from £501.3m (31 December 2020 – £26.5m from £671.9m).

Maturity of the Group's financial derivatives
The following tables show undiscounted cash flows in relation to the Group's derivative financial instruments based on the Group's prediction of future movements in interest rates.

	Securitised debt £m	Green Bonds £m	Other secured loans £m	**Total derivative liabilities £m**
Within one year	29.1	3.5	21.4	**54.0**
In one to 2 years	23.9	3.5	18.0	**45.4**
In 2 to 5 years	74.1	(7.6)	50.6	**117.1**
In 5 to 10 years	131.1	–	68.8	**199.9**
In 10 to 20 years	85.3	–	24.7	**110.0**
31 December 2021	**343.5**	**(0.6)**	**183.5**	**526.4**

	Securitised debt £m	Other secured loans £m	**Total derivative liabilities £m**
Within one year	32.6	31.5	**64.1**
In one to 2 years	32.9	24.4	**57.3**
In 2 to 5 years	95.4	66.1	**161.5**
In 5 to 10 years	149.2	83.0	**232.2**
In 10 to 20 years	124.8	39.9	**164.7**
31 December 2020	**434.9**	**244.9**	**679.8**

The impact of changes in interest rates would be primarily on interest receivable and the interest payable on £78.0m of the loan secured against 1 Bank Street, £302.3m loan secured against Newfoundland, £60.0m mezzanine loan and 25.0% of the senior loan secured against 25 Churchill Place, and certain of the Group's construction facilities since the other borrowings are subject to interest rate swaps or caps. All cash deposits are at floating rates. The impact of a 1.0% increase/(decrease) in interest rates would result in an additional (charge)/credit of £(6.3)m/£6.3m (2020 – £(4.0)m/£4.0m) to the Consolidated Income Statement. The Consolidated Income Statement is also impacted by changes in the fair value of derivatives that are not considered effective for hedge accounting purposes. A 1.0% (lower)/higher parallel shift in the interest rate curve used to value the derivatives, with all other variables held constant, would have (decreased)/increased the Group's net assets for 2021 by £(155.2)m/£137.5m (2020 – £(197.1)m/£173.5m) by changing the profit or loss for the year. The 1.0% sensitivity has been selected based on the directors' view of a reasonable interest rate curve movement assumption.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

21. NET DEBT

	2021 £m	2020 £m
Securitised debt	**1,733.1**	1,855.8
Green Bonds	**898.6**	–
Loan notes	**–**	26.1
Other secured construction loans	**2,231.5**	3,086.1
Gross debt	**4,863.2**	4,968.0
Current liabilities:		
– borrowings	**387.4**	1,125.4
– derivatives	**–**	6.9
Non current liabilities:		
– borrowings	**3,984.5**	3,197.2
– derivatives	**491.3**	638.5
Gross debt	**4,863.2**	4,968.0
Cash and cash equivalents	**(241.1)**	(403.5)
Monetary deposits	**(2.3)**	(2.3)
Net debt	**4,619.8**	4,562.2

The amounts at which borrowings are stated comprise:

	Securitised debt £m	Green Bonds £m	Loan notes £m	Other secured loans £m	Construction loan £m	**Total £m**
1 January 2021	1,855.8	–	26.1	2,544.7	541.4	**4,968.0**
Drawn down	–	906.3	–	–	70.4	**976.7**
Effective interest rate adjustment	(2.2)	(13.9)	–	2.8	2.5	**(10.8)**
Accrued finance charges	(0.7)	4.7	–	(2.8)	–	**1.2**
Foreign exchange gain	–	(4.3)	–	–	–	**(4.3)**
Repaid in year	(29.3)	–	(26.1)	(844.5)	(12.6)	**(912.5)**
Transferred in the year	–	–	–	25.6	(25.6)	**–**
Movements in fair value of derivatives	(90.5)	5.8	–	(68.6)	(1.8)	**(155.1)**
31 December 2021	**1,733.1**	**898.6**	**–**	**1,657.2**	**574.3**	**4,863.2**
Payable within one year or on demand	39.6	4.7	–	20.1	323.0	**387.4**
Payable in more than one year	1,382.4	888.1	–	1,462.9	251.1	**3,984.5**
Derivatives	311.1	5.8	–	174.2	0.2	**491.3**
	1,733.1	**898.6**	**–**	**1,657.2**	**574.3**	**4,863.2**

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The principal terms of the Groups borrowings are:

Instrument	Commitment £m	Drawn £m	Interest rate	Hedged rate	Repayment
Securitised debt – A1	199.3	199.3	6.455%		By instalment to 2030
Securitised debt - A3	400.0	400.0	5.952%		By instalment from 2032 to 2035
Securitised debt - A7	222.0	222.0	SONIA plus 0.5943%	5.3985%	In 2035
Securitised debt - B	121.0	121.0	6.800%		By instalment to 2030
Securitised debt - B3	77.9	77.9	SONIA plus 0.8193%	5.5825%	In 2035
Securitised debt - C2	239.7	239.7	SONIA plus 1.4943%	6.2666%	In 2035
Securitised debt - D2	125.0	125.0	SONIA plus 2.2193%	7.0605%	In 2035
Green Bonds	350.0	350.0	2.625%		April 2025
Green Bonds	300.0	300.0	3.375%		April 2028
Green Bonds	€300.0	€300.0	1.75%		April 2026
Revolving credit facility	30.0	0.0	SONIA plus 2.495%		April 2024
Loan: One Churchill Place	441.3	441.3	SONIA plus 0.3193%	5.805%	By instalment to July 2034
Loan: 25 Churchill Place	384.0	384.0	SONIA plus 1.8193%	75% of the loan at 3.2%	July 2025
Loan: 25 Churchill Place	60.0	60.0	SONIA plus 5.0193%		July 2025
Loan: 1 Bank Street	500.0	500.0	SONIA plus 1.8193%	Capped at 1.5%	November 2024
Loan: 1 Bank Street	78.0	78.0	SONIA plus 5.3693%		November 2024
Private members club loan	30.0	25.6	Base rate plus 2.25%		June 2025
HCA infrastructure loan	200.0	171.2	EC reference rate plus 2.2%		September 2023
NFL construction loan	325.5	227.5	SONIA plus 3.3693%		December 2022
		74.9	EC reference rate plus 2.7%		December 2022
Office construction loan	186.0	101.4	SONIA plus 3.1193%	75% of the loan at 3.7%	March 2023

With respect to the Interest Rate Benchmark Reform, all of the Group's applicable loan facilities replaced LIBOR with SONIA plus CAS 0.1193%, effective from 24 January 2022.

The Green Bonds and the revolving credit facility are secured against the shares of the Company. The other borrowings of the Group are secured against designated property interests.

In April 2021 the Group issued £350.0m of corporate bonds with a coupon of 2.625% maturing on 23 April 2025, £300.0m of bonds with a coupon of 3.375% maturing on 23 April 2028 and €300.0m of bonds with a coupon of 1.75% maturing on 7 April 2026. The Eurobond principal and interest amounts were fully converted to GBP and hedged against foreign exchange risk. The notes were issued as Green Bonds and referenced to climate related or environmental projects.

The proceeds from the Green Bonds were used to repay the £700.0m retail loan and the loans secured against 7 Westferry Circus of £40.0m and 15 Westferry Circus of £88.2m. A £30.0m revolving credit facility was entered into at the same time at a margin of 2.495% over SONIA, none of which was drawn at 31 December 2021.

The loan notes were fully cash collateralised. £1.5m of the notes were redeemed on 8 February 2021. The balance of the loan notes were redeemed in August 2021.

The securitisation has the benefit of an arrangement with AIG which covers the rent in the event of a default by the tenant of 33 Canada Square, over the entire term of the lease. AIG has posted £95.3m as cash collateral in respect of this obligation. The annual fee payable during the year ended 31 December 2021 in respect of the arrangement was £1.5m.

DocuSign Envelope ID: 31036BCD-7985-4C12-AC2A-E808567A0488

CWF II also has the benefit of a £300.0m liquidity facility provided by Lloyds Banking Group, under which drawings may be made in the event of a cash flow shortage under the securitisation. This facility is renewable annually. The commitment fee payable for the provision of this facility is 0.888% p.a..

The weighted average maturity of the debentures at 31 December 2021 was 10.8 years (31 December 2020 – 11.6 years). The debentures may be redeemed at the option of the issuer in an aggregate amount of not less than £1.0m on any interest payment date subject to the current rating of the debentures not being adversely affected and certain other conditions affecting the amount to be redeemed.

In March 2015, a £200.0m infrastructure loan facility was agreed with the HCA to part fund infrastructure spending on the Wood Wharf site. Of the amount borrowed, £76.0m has been on lent to subsidiaries of CWGRL to part fund the infrastructure costs on Wood Wharf. During 2021, £12.6m of this on lent amount was repaid following the refinancing of the construction loan utilised to fund the construction of 10 George Street. This component of the loan is repayable from the proceeds of sale of the apartments being developed by subsidiaries of CWGRL. At 31 December 2021, a further £52.2m was lent to the Vertus entities, also to fund infrastructure costs on Wood Wharf. Further amounts of this loan is repayable on refinancing of the construction loan utilised to fund construction of the private rental buildings at 8 Water Street. An additional margin of 0.1% is charged by the borrower entity. The amounts lent to the CWGRL subsidiaries and Vertus entities are included in the balances shown in Note 13.

Maturity profile of borrowings

	Securitised debt £m	Green bonds £m	Other secured loans £m	**Total £m**
Contractual undiscounted cash flows at 31 December 2021:				
Within one year	84.8	24.6	487.3	**596.7**
In one to 2 years	87.8	24.6	218.8	**331.2**
In 2 to 5 years	244.4	663.6	1,167.1	**2,075.1**
In 5 to 10 years	401.7	315.2	137.9	**854.8**
In 10 to 20 years	1,151.7	–	236.7	**1,388.4**
	1,970.4	**1,028.0**	**2,247.8**	**5,246.2**
Comprising:				
Principal repayments	1,384.9	906.3	2,063.8	**4,355.0**
Interest payments	585.5	121.7	184.0	**891.2**
	1,970.4	**1,028.0**	**2,247.8**	**5,246.2**

	Securitised debt £m	Other secured loans £m	Loan notes £m	**Total £m**
Contractual undiscounted cash flows at 31 December 2020:				
Within one year	83.0	1,104.5	26.1	**1,213.6**
In one to 2 years	81.0	219.7	–	**300.7**
In 2 to 5 years	234.0	1,305.2	–	**1,539.2**
In 5 to 10 years	420.3	123.7	–	**544.0**
In 10 to 20 years	1,176.1	262.8	–	**1,438.9**
	1,994.4	**3,015.9**	**26.1**	**5,036.4**
Comprising:				
Principal repayments	1,414.2	2,850.5	26.1	**4,290.8**
Interest payments	580.2	165.4	–	**745.6**
	1,994.4	**3,015.9**	**26.1**	**5,036.4**

The above tables contain undiscounted cash flows (including interest) and therefore result in higher balances than the carrying values or fair values of the borrowings.

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Other secured loans include construction loan facilities.

Debt service

The weighted average interest rates paid on borrowings at the balance sheet dates were as follows:

	2021	2020
	%	%
Securitisation	**6.1**	6.1
Green Bonds	**2.6**	-
Construction loan	**3.2**	3.3
Other secured loans	**3.7**	3.2
Loan notes	**–**	1.5

Comparison of fair values and carrying amount

	2021			2020		
	Fair value £m	**Carrying amount £m**	**Difference £m**	Fair value £m	Carrying amount £m	Difference £m
Securitisation	**(1,635.1)**	**(1,422.0)**	**(213.1)**	(1,698.4)	(1,454.7)	(243.7)
Green Bonds	**(896.4)**	**(892.8)**	**(3.6)**	–	–	–
Secured loans	**(1,483.0)**	**(1,483.0)**	**–**	(2,302.4)	(2,302.4)	–
Loan notes	**–**		**–**	(26.1)	(26.1)	–
Construction	**(574.1)**	**(574.1)**	**–**	(539.4)	(539.4)	–
	(4,588.6)	**(4,371.9)**	**(216.7)**	(4,566.3)	(4,322.6)	(243.7)
Other financial liabilities:						
Interest rate derivatives	**(491.3)**	**(491.3)**	**–**	(645.4)	(645.4)	–
Cash and monetary deposits	**243.4**	**243.4**	**–**	405.8	405.8	–
Total	**(4,836.5)**	**(4,619.8)**	**(216.7)**	(4,805.9)	(4,562.2)	(243.7)

The differences above are shown before any tax relief. Short term receivables and payables have been excluded from these disclosures as their carrying amount approximates fair value. The fair value of the sterling denominated fixed rate bonds has been determined by reference to the prices available on the markets on which they are traded. The fair values of other debt instruments have been calculated by discounting cash flows at the relevant zero coupon LIBOR interest rates prevailing at the balance sheet date. The fair values of interest rate derivative instruments have been determined by reference to market values provided by the relevant counter parties.

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Interest rate profile

After taking into account interest rate hedging entered into by the Group, the interest rate profile of the Group's borrowings at the balance sheet dates including accrued interest payable but excluding any adjustments for derivatives was:

	2021			2020		
	Floating £m	**Fixed £m**	**Total £m**	Floating £m	Fixed £m	Total £m
Securitisation	**–**	**(1,422.0)**	**(1,422.0)**	–	(1,454.7)	(1,454.7)
Green Bonds	**–**	**(892.8)**	**(892.8)**	–	–	–
Secured loans	**(258.8)**	**(1,224.2)**	**(1,483.0)**	(1,127.3)	(1,175.1)	(2,302.4)
Loan notes	**–**	**–**	**–**	(26.1)	–	(26.1)
Construction loans	**(497.8)**	**(76.3)**	**(574.1)**	(264.6)	(274.8)	(539.4)
	(756.6)	**(3,615.3)**	**(4,371.9)**	(1,418.0)	(2,904.6)	(4,322.6)
Less: Cash collateral for borrowings (Note 16)	**9.5**	**122.8**	**132.3**	12.3	101.2	113.5
Total	**(747.1)**	**(3,492.5)**	**(4,239.6)**	(1,405.7)	(2,803.4)	(4,209.1)

Carrying value of categories of financial instruments

	2021 £m	2020 £m
Financial assets		
Amortised cost	**408.0**	525.9
FVTLP	**35.2**	37.4
	443.2	563.3
Assets not classified as financial assets	**8,571.7**	8,469.3
Total assets	**9,014.9**	9,032.6
Financial liabilities		
Amortised cost	**(4,502.5)**	(4,468.4)
FVTPL	**(491.3)**	(645.4)
	(4,993.8)	(5,113.8)
Liabilities not classified as financial liabilities	**(228.5)**	(227.8)
Total liabilities	**(5,222.3)**	(5,341.6)
Net assets	**3,792.6**	3,691.0

All the derivative instruments held by the Group (categorised as FVTPL) are classified as Level 2 as defined in accordance with IFRS 13.

Financial risks

Interest rate risk
The Group finances its operations through a mixture of surplus cash, bank borrowings and debentures. The Group borrows principally in sterling at both fixed and floating rates of interest and then uses interest rate swaps, caps or collars to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations. The Group's policy is to keep at least 50% of its borrowings at fixed or capped rates subject to the requirements of specific facilities which may have defined requirements for hedging and which will take precedence. After taking into account interest rate hedging and cash deposits, the borrowings which remain as floating debt comprise £60.0m of the mezzanine loan and £84.0m of the senior secured against 25 Churchill Place £78.0m of the loan secured against 1 Bank Street, the £25.6m loan secured against the private members club, the HCA infrastructure loan and certain of the construction loans (see above). The RCF is a floating rate loan although no amounts were drawn under this facility at 31 December 2021.

Liquidity risk
The Group's policy is to ensure continuity of funding and at 31 December 2021 the average maturity of the Group's debt was 6.2 years (31 December 2020 – 6.6 years). Shorter term flexibility is achieved by holding cash on deposit and through construction facilities typically with a term of 3 to 6 years arranged to fund the development of new properties.

Loan covenants
The Group's loan facilities are subject to financial covenants which include maximum LTV and LTC ratios and minimum ICRs. The key covenants for each of the Group's main facilities are as follows:

(i) CWF II securitisation: Maximum LMCTV ratio of 100.0% and cash trap covenant of 50.0%.

The securitisation has no minimum ICR covenant. The Group has the ability to remedy a breach of covenant by depositing eligible investments (including cash). The final maturity date of the securitisation is 2035, subject to earlier amortisation on certain classes of Notes.

(ii) Loan facilities secured against 25 Churchill Place: cash trap LTV ratio of 75.0% for the senior loan and 86.5% for the mezzanine loan.

Minimum cash trap ICR covenant of 175.0% and the senior loan and 135.0% on the mezzanine loan.

(iii) HCA infrastructure loan: Maximum LTV ratio of 60.0%. This facility is not subject to any ICR covenant.

(iv) 1 Bank Street loans:
For the senior loan of £500.0m, there is no maximum LTV but if the LTV exceeds 70.0% (as valued on the special assumption that the building is fully let and income producing) then any spare cash is trapped and could be used to part repay the loan if the position remains unremedied for 3 quarters.

For the mezzanine loan of £78.0m, there is no maximum LTV but if the LTV exceeds 80.75% (as valued on special assumption that the building is fully let and income producing) then any spare cash is trapped and could be used to part repay the loan if the position remains unremedied for 3 quarters.

(v) Newfoundland construction loan: Maximum LTC of 60.0% and maximum LTV of 60.0%.

(vi) Private members club loan: Maximum LTC of 70.0% and maximum LTV of 65.0%.

(vii) 15 Water Street construction loan and 20 Water Street construction loan: maximum LTC of 65.0% and maximum LTV of 65.0% (on a cross collateralised basis).

All of these requirements were satisfied throughout the year.

Exchange rate risk
The Group's policy is to maximise all financing in Sterling and it has no plans to raise financing in currencies other than Sterling.

In March 2019, in the midst of ongoing Euro exchange rate uncertainty during Brexit negotiations, the Group entered into 2 contracts to forward purchase Euros for the potential purchase of construction materials which are typically provided by Euro zone suppliers. The first contract committed to acquire €30.0m in July 2021 at a fixed exchange rate of GBP1 : EUR 1.1228 and the second to acquire €30.0m in July 2022 at a fixed exchange rate of GBP1 : EUR 1.1038.

Following a slowdown of the construction programme during 2020, it was decided in December 2020 to close out the first of these contracts and a profit of £0.7m was recognised.

At 31 December 2021, the mark to market on the remaining forward was out of the money by £0.1m.

Capital risk
The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern. The capital structure of the Group consists of debt, cash and cash equivalents and monetary assets, as disclosed elsewhere in this Note, and equity, including reserves, as disclosed in Note 24 and the Consolidated Statement of Changes in Equity.

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Credit risk
Credit risk associated with trade receivables is disclosed in Note 13.

The Group's policies restrict the counterparties with which derivative transactions can be contracted and cash balances deposited. This ensures that exposure is spread across a number of approved financial institutions with higher credit ratings.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

Externally imposed capital requirements
The Group is not subject to externally imposed capital requirements.

22. OTHER NON CURRENT LIABILITIES

	Ground rent obligation £m
1 January 2020	62.2
Accrued finance charges	6.0
Paid in period	(6.0)
1 January 2020	62.2
Accrued finance charges	6.1
Paid in period	(6.1)
31 December 2021	**62.2**

In January 2012, Canary Wharf Group acquired the remaining 50.0% effective interest in a site adjacent to Canary Wharf from CRT for a total consideration of £52.4m. In conjunction with the acquisition, CRT granted a new 250 year lease of the site subject to a ground rent payment to CRT which was scheduled to increase to £6.0m per annum by 2016, followed by upwards only reviews linked to the passing rent achieved on the office buildings and the ground rents paid by purchasers of the residential apartments to be built on the site. The Net Present Value of the minimum contracted ground rents payable under the terms of the 250 year lease, discounted at the rate inherent in the lease, was estimated at £55.0m at the date of inception of the lease. In 2015, the terms of the ground rent arrangements were amended. As a result, an additional payment of £3.0m was made in 2015 followed by 3 annual payments of £1.7m each. The changes to the ground rent arrangements increased the carrying value of the obligation by £7.2m.

Minimum contracted payments under the ground rent arrangement were as follows:

	2021 £m	2020 £m
Within one year	**6.1**	6.1
Between 2 and 5 years	**24.2**	24.2
After 5 years	**1,421.7**	1,427.8
	1,452.0	1,458.1

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23. PROVISIONS

Provisions have been made in respect of the following liabilities:

	Lease commitments £m
1 January 2020	2.0
Utilisation of provision	(0.1)
31 December 2020	1.9
Utilisation of provision	–
31 December 2021	**1.9**

Lease commitments
In connection with the sale of certain properties during 2005, the Group agreed to provide rental support in respect of certain car parking rights and recognised a provision in respect of these commitments at the date of disposal.

24. SHARE CAPITAL

Issued share capital comprises:

	2021 £m	2020 £m
Ordinary Shares	**74.0**	74.0
Total	**74.0**	74.0

As at 31 December 2021 and 31 December 2020, a total of 740,374,616 Ordinary Shares were in issue of 10p each which were fully paid.

The rights attached to each Ordinary Share can be summarised as follows:

- One vote per share
- There is no right of redemption attaching to the Ordinary Shares
- There are no restrictions on the distribution of dividends or the repayment of capital attaching to the Ordinary Shares, subject to the requirement of the Act.
- In the event of a liquidation, the Ordinary Shares rank behind any other liability of the Group.

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25. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of profit on ordinary activities before tax to cash generated from operations.

	2021 £m	2020 £m
Profit/(loss) on ordinary activities before tax	**105.2**	(503.7)
Non cash movements		
Net valuation movements on properties	**93.5**	514.4
Share of profit before interest of associates and joint ventures	**(8.5)**	(1.5)
Revaluation of investments	**2.2**	4.9
Spreading of tenant incentives, committed rent increases and letting fees	**(23.9)**	(25.8)
Depreciation	**4.6**	2.4
Net financing costs	**37.1**	229.9
	105.0	724.3
	210.2	220.6
Changes to working capital and other cash movements		
(Increase)/decrease in receivables	**(50.5)**	40.9
Decrease in payables	**(14.8)**	(73.2)
Cash generated from operations	**144.9**	188.3
Income tax	**(11.2)**	(1.0)
Cash from operating activities (before interest)	**133.7**	187.3

26. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

At 31 December 2021, certain members of the Group had given fixed and floating charges over substantially all of their assets as security for certain of the Group's borrowings as referred to in Note 21. In particular, various members of the Group had at 31 December 2021, given fixed first ranking charges over cash deposits totalling £132.3m (31 December 2020 – £113.5m).

As security for the issue of up to £1,384.9m of securitised debt (Note 21), the Group has granted a first fixed charge over the shares of CWF II and a first floating charge over all of the assets of CWF II.

In connection with the 1 Bank Street refinancing (Note 21), the Company and CWG have provided guarantees to cover the payment of rent during the building's rent free periods and outstanding capital costs relating to the completion of the building.

On 30 March 2021, in the midst of the COVID pandemic, CWGIH (Moody's: Baa3 / Fitch: BB+) successfully priced our debut £906.3m equivalent Senior Secured Green Notes offering. The Notes received issue ratings of Baa3 from Moody's and BBB– from Fitch. The Notes were issued via 3 tranches across GBP and EUR lines, with tenors of 4, 5 and 7 years and priced at coupons of 2.625%, 3.375% and 1.750% for the 4 and 7 year tranches in GBP and 5 year EUR respectively. The EURO tranche was fully hedged into GBP at the date of the transaction. The transaction was announced simultaneously with the release of CWGIH's first time rating by Fitch and investment grade rating by Moodys.

In connection with the Group's construction facilities, CWG or its subsidiaries have provided certain guarantees, including in relation to cost overruns, completion of infrastructure works, satisfaction of s106 planning obligations and payment of interest. These guarantees are market practice for construction facilities and will expire on completion of the relevant property and repayment of the facilities. These guarantees apply not only to the Group's wholly owned developments but also the construction facilities of certain related parties comprising:

The following loans have been repaid and the guarantees have therefore fallen away:

- Four loan facilities totalling £505.0m utilised by a related party in the construction of residential property at Southbank Place.
- The £159.3m loan facility utilised by a related party in construction of a residential property at 10 Park Drive, Wood Wharf.
- The loan facility of £132.8m utilised by an associated undertaking in construction of the residential rental building at 10 George Street, Wood Wharf.
- The loan facility of £269.4m utilised by a related party in construction of a residential property at One Park Drive, Wood Wharf was fully repaid on 7 February 2022 from the proceeds of apartment sales and the associated guarantees have fallen away. At the year end, the balance still outstanding was £29.3m.
- A loan facility of £58.5m utilised by an associated undertaking in construction of the residential rental building at 8 Water Street, Wood Wharf. This facility is due to be refinanced by May 2022. Upon completion of the refinancing, the associated guarantees will fall away.

In connection with the construction facilities secured against 8 Water Street referred to above and also the construction facility secured against the Newfoundland development, the company's subsidiary, CWG has entered into forward purchase agreements with the lenders. These agreements require CWG to purchase the properties at an amount sufficient to repay the related construction facilities in the event of a failure to refinance the loans on maturity. The forward sale agreements will expire upon refinancing.

In relation to a loan of £74.0m to be utilised by an associated undertaking in the construction of an aparthotel at One Charter Street, Wood Wharf, CWG has guaranteed its 50.0% joint venture share of any interest shortfall under the facility between practical completion and maturity of the loan, together with a limited cost overrun guarantee.

Commitments of the Group for future expenditure relating to committed developments (gross of presale proceeds and funding from construction facilities):

	2021 £m	2020 £m
Joint ventures	**1.6**	92.0
Other construction projects	**226.0**	236.4
	227.6	328.4

Of this commitment for future expenditure, £18.8m related to investment properties (31 December 2020 – £23.3m).

The commitments for future expenditure relate to the completion of construction works where construction was committed at 31 December 2021, including funding commitments to associates and joint venture undertakings. Any costs accrued or provided for in the Balance Sheet at 31 December 2021 have been excluded.

The Group has, in the normal course of its business, granted limited warranties or indemnities to its tenants in respect of building defects (and defects on the Estate or in the car parks) caused through breach of its obligations as developer contained in any prelet or other agreement. Offsetting this potential liability the Group benefits from warranties from the trade contractors and suppliers who worked on such buildings.

27. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

At 31 December 2021, the smallest group into which the financial statements of the Company are consolidated are the Company's consolidated financial statements embodied herein. The largest group of which the group is a member and for which financial statements are drawn up is Stork HoldCo LP, an entity registered at 73 Front Street, Hamilton, HM12, Bermuda. Stork HoldCo LP is controlled as to 50.0% by Brookfield and as to 50.0% by QIA.

During 2021, the Group billed HsO, a company in which it holds an equity investment equivalent to approximately 13.0% of the issued share capital, £30,737 (2020 – £34,569) plus VAT for access to the Estate's telecommunications infrastructure all of which was received before the year end.

In July 2011, the Group entered into a 50:50 joint venture with Qatari Diar to develop Southbank Place. The Group's interest in this development was transferred to CWGRL in March 2018 in connection with the corporate reconstruction. The investment remains in the consolidated accounts of Stork, the Company's ultimate parent undertaking. During 2021, the Group billed £7,513,260 (2020 – £17,298,830) plus VAT primarily for development management, administrative services, reimbursable costs and construction management services. At 31 December 2021, the amount outstanding was £9,020,412 (2020 – £29,341,178) including VAT including amounts billed in previous years.

In June 2014, the Group acquired a 10.0% interest in an SLP established to acquire 10 Upper Bank Street. During 2021, the Group billed £1,788,760 (2020 – £1,788,760) plus VAT in respect of asset management services all of which was received.

During 2021, the Group billed £51,478 (2020 – £2,316,338) plus VAT to Vertus A2 Limited, an entity in which it holds a 50.0% equity interest. The remainder of the equity interest is held by entities related to the owners of the Company's ultimate parent undertaking. At 31 December 2021, £28,272,932 (2020 – £28,215,427) was outstanding.

During 2021, the Group billed £137,562 (2020 – £5,578,106) plus VAT to Vertus E1/2 Limited, an entity in which it holds a 50.0% equity interest. The remainder of the equity interest is held by entities related to the ultimate owners of the Company's ultimate parent undertaking. At 31 December 2021, £23,169,897 (2020 – £37,725,246) was outstanding.

The total amount owing by the Vertus entities to the Group at 31 December 2021 was £51,442,830 (2020 – £65,940,673). Taking into account the aggregate contribution to site wide infrastructure payable to the Vertus entities of £85,000,000 (2020 – £85,000,000) and the loan by the Group of £52,304,416 (2020 – £66,461,180) to partly fund infrastructure costs, the net amount recoverable from the Vertus entities was £18,747,246 (2020 – £47,104,853).

During 2021, the Group billed £2,315,104 (2020 – £13,904,832) plus VAT to CW One Park Drive Limited, which was transferred to CWGRL in March 2018 as part of the corporate reconstruction. At 31 December 2021, £15,359,294 (2020 – £14,326,850) remained outstanding.

During 2021, the Group billed £840,365 (2020 – £15,523,356) plus VAT to CW 10 Park Drive Limited, which was transferred to CWGRL in March 2018 as part of the corporate reconstruction. At 31 December 2021, £29,335,440 (2020 – £29,204,341) remained outstanding.

The total amount owing by the CWGRL Group at 31 December 2021 was £44,694,734 (2020 – £43,531,191). Taking into account the contribution to site wide infrastructure payable to CWGRL of £43,300,000 (2020 – £43,300,000), the funding by CW One Park Drive Limited of the Group's affordable and intermediate offering at Wood Wharf of £45,200,000 (2020 – £45,200,000) and the Group's loan of £80,902,899 (2020 – £87,329,939) to part fund the infrastructure costs, the net amount recoverable from CWGRL was £37,097,633 (2020 – £42,361,130) at 31 December 2021.

As disclosed in Note 21, the Group had entered into shareholder loan facilities for a total of £170.0m. Fees of £596,473 (2020 – £3,392,500) were paid to BPY CWG1 Sarl during the year of which £515,035 (2020 – £413,492) had been accrued. The amounts paid and accrued were in accordance with the terms of this facility.

Brookfield Global Asset Management Limited has leased the 25th floor in One Canada Square on a 15 year lease. Rent, service charges and other occupational costs totalling £2,075,062 (2020 – £879,963) plus VAT where applicable were invoiced in the year. Construction management fees totalling £1,054,542 (2020 – £600,000) were invoiced to Brookfield Developments Europe Limited. At 31 December 2021, there was £581,113 (2020 – £18,014) outstanding.

During 2021, the Group billed £152,692 (2020 – £223,620) plus VAT to Open Network Systems Limited, a Brookfield subsidiary of which £82,711 (2020 – 18,377) was outstanding at 31 December 2021. Open Network Systems Limited billed the Group £46,020 (2020 – 16,096) plus VAT of which £12,000 (2020 – £nil) was outstanding at the year end.

In November 2020, the Group entered into a joint venture with Edyn for the development of One Charter Street (Note 12). Edyn is a subsidiary of the Group's ultimate 50.0% shareholder, Brookfield. The joint venture was established by transferring Group entities into the joint venture and outstanding amounts were settled at that time. At 31 December 2021, the Group owed £68,109 to the joint venture. At 31 December 2021, £6.0m had been loaned by the Edyn joint venture to the Group to fund future enabling works.

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In August 2020, CWG entered into asset management agreements with QIA relating to the management of the QIA buildings at One Cabot Place and 8 Canada Square, Canary Wharf, with fees totalling £225,000 p.a..

Transactions with the directors, if any, are disclosed in Note 10.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not presented in this note.

28. EVENTS AFTER THE BALANCE SHEET DATE

The aparthotel at One Charter Street is being developed by the Edyn joint venture. Caledonian Modular Limited, a key supplier on this project entered Administration on 9 March 2022 and the assets of the company have subsequently been acquired by JRL Group. The Group is working with the company and its new owners to minimise the impact on this project and practical completion remains targeted for Q2 2023.

On 11 April 2022, the Group entered into a new £49.2m 39 month construction loan facility to fund the completion of the property held for sale at 8 Harbord Square. Interest is payable at 4.25% over SONIA, reducing to 3.0% over SONIA when 50.0% of sales have exchanged and the loan is subject to certain LTV and LTC covenants. It is anticipated that the loan will be repaid from the proceeds of apartment sales before the facility expires. No hedging is required on this facility.

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COMPANY BALANCE SHEET
Registered number: 05043352
at 31 December 2021

	Note	2021 £m	2020 £m
FIXED ASSETS			
Investments	(c)	**2,361.2**	2,361.2
CURRENT ASSETS			
Debtors due after more than one year	(d)	**892.5**	–
Debtors due in less than one year	(e)	**8.2**	6.3
Cash at bank and in hand		**0.1**	0.8
		900.8	7.1
CREDITORS: Amounts falling due within one year	(f)	**(400.6)**	(399.2)
NET CURRENT LIABILITIES		**500.2**	(392.1)
TOTAL ASSETS LESS CURRENT ASSETS/(LIABILITIES)		**2,861.4**	1,969.1
CREDITORS: Amounts falling due after more than one year	(g)	**(893.1)**	–
NET ASSETS		**1,968.3**	1,969.1
CAPITAL AND RESERVES			
Called up share capital		**74.0**	74.0
Reserves:			
– share premium		**1,195.1**	1,195.1
– hedging reserve		**(0.7)**	–
– retained earnings		**272.8**	272.9
– other reserves		**427.1**	427.1
SHAREHOLDERS' FUNDS		**1,968.3**	1,969.1

Notes (a) to (e) on the following pages form an integral part of these financial statements.

The profit for 2021 was £3.6m (2020 – profit of £5.2m).

These financial statements are separate financial statements to those of the Group.

Approved by the Board on 26 April 2022 and signed on its behalf by:

DocuSigned by:
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Shoaib Z Khan
Chief Executive Officer

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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

	Share capital £m	Share premium account £m	Cancelled share reserve £m	Capital redemption reserve £m	Other reserve £m	Hedging reserve £m	Retained earnings £m	**Total £m**
1 January 2020	74.0	1,195.1	59.5	2.5	365.1	–	273.8	**1,970.0**
Profit for the year	–	–	–	–	–	–	5.2	**5.2**
Dividend paid	–	–	–	–	–	–	(6.1)	**(6.1)**
1 January 2021	74.0	1,195.1	59.5	2.5	365.1	–	272.9	**1,969.1**
Movement in fair value of derivative financial instrument	–	–	–	–	–	(4.9)	–	**(4.9)**
Foreign exchange movements						4.2		**4.2**
Profit for the year	–	–	–	–	–	–	3.6	**3.6**
Total comprehensive income for the year	–	–	–	–	–	(0.7)	3.6	**2.9**
Dividend paid	–	–	–	–	–	–	(3.7)	**(3.7)**
31 December 2021	**74.0**	**1,195.1**	**59.5**	**2.5**	**365.1**	**(0.7)**	**272.8**	**1,968.3**

At 31 December 2021 and 31 December 2020, a total of 740,374,616 10p Ordinary Shares were in issue which were fully paid.

The other reserve arose from an intra group reorganisation undertaken during 2007 and is considered by the directors to be non distributable.

Movements in retained earnings are set out in Note (b).

At 31 December 2021, the smallest group of which the Company is a member and for which financial statements are drawn up is the consolidated financial statements of the Company. The largest group of which the group is a member and for which financial statements and drawn up is Stork HoldCo LP, an entity registered at 73 Front Street, Hamilton, HM12, Bermuda. Stork HoldCo LP is controlled as to 50.0% by Brookfield and as to 50.0% by QIA.

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021

(a) STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies are set out below.

Basis of preparation
The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with the United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice, including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. These estimates and judgements are set out in Note 2.

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Investments in subsidiary undertakings
Investments in subsidiary undertakings are stated in the Company's Balance Sheet at cost less any provision for impairment.

Interest receivable and interest payable
Interest receivable and payable are recognised in the period in which they fall due.

(b) PROFIT FOR THE FINANCIAL YEAR

The profit recorded by the Company in 2021 was £3.6m (2020 – £5.2m) including dividends received from subsidiaries of £3.7m (2020 – £6.1m). As permitted by Section 408 of the Act, no profit and loss account is presented for the Company in respect of either year.

(c) INVESTMENTS

Investments comprise shares held directly and indirectly in the following wholly owned subsidiaries:

Name	Principal Activity	Registered Office
DIRECT SUBSIDIARIES		
Songbird Acquisition Limited	Investment holding	England & Wales
Songbird Finance (Two) Limited	Finance company	England & Wales
Songbird Finance Limited	Dormant	England & Wales
INDIRECT SUBSIDIARIES		
10 Cabot Square I Unit Trust GP Limited	General partner	Scotland
10 Cabot Square I Unit Trust LP Limited	Investment holding	Scotland
10 Cabot Square I Unit Trust SLP	Investment holding	Scotland
10 Cabot Square II Unit Trust GP Limited	General partner	Scotland
10 Cabot Square II Unit Trust LP Limited	Investment holding	Scotland
10 Cabot Square II Unit Trust SLP	Investment holding	Scotland
20 Cabot Square I Unit Trust GP Limited	General partner	Scotland
20 Cabot Square I Unit Trust LP Limited	Investment holding	Scotland
20 Cabot Square I Unit Trust SLP	Investment holding	Scotland
20 Cabot Square II Unit Trust GP Limited	General partner	Scotland
20 Cabot Square II Unit Trust LP Limited	Investment holding	Scotland
20 Cabot Square II Unit Trust SLP	Investment holding	Scotland
Armoric Holdings Limited	Investment holding	England & Wales
Armoric Investments Limited	Dormant	England & Wales
Armoric Limited	Property investment	Jersey
Cabot Place (Retail) Unit Trust GP Limited	General partner	Scotland
Cabot Place (Retail) Unit Trust LP Limited	Investment holding	Scotland
Cabot Place (Retail) Unit Trust SLP	Investment holding	Scotland
Cabot Place (RT2) Limited	Property investment	England & Wales
Cabot Place Holdings Limited	Property investment	England & Wales
Cabot Place Limited	Property investment	England & Wales
Canada Place (Retail) Unit Trust GP Limited	General partner	Scotland
Canada Place (Retail) Unit Trust LP Limited	Investment holding	Scotland
Canada Place (Retail) Unit Trust SLP	Investment holding	Scotland
Canada Place Limited	Property investment	England & Wales
Canada Place Mall (Retail) Unit Trust GP Limited	General partner	Scotland
Canada Place Mall (Retail) Unit Trust LP Limited	Investment holding	Scotland
Canada Place Mall (Retail) Unit Trust SLP	Investment holding	Scotland
Canada Square (Pavilion) Limited	Property investment	England & Wales
Canary Wharf (B4) Limited	Investment holding	England & Wales
Canary Wharf (B5) Limited	Property investment	England & Wales
Canary Wharf (B5) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (B5) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (BP1) Limited	Investment holding	England & Wales
Canary Wharf (BP1) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (BP1) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (BP2) Limited	Investment holding	England & Wales

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Name	Principal Activity	Registered Office
Canary Wharf (BP2) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (BP2) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (BP3) Limited	Investment holding	England & Wales
Canary Wharf (BP4) Limited	Investment holding	England & Wales
Canary Wharf (BP4) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (BP4) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (Car Parks) Limited	Property investment	England & Wales
Canary Wharf (CS Park Pavilion) Limited	Property investment	England & Wales
Canary Wharf (Drapers Gardens) Limited	Investment holding	England & Wales
Canary Wharf (DS1) Limited	Investment holding	England & Wales
Canary Wharf (DS1) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (DS1) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (DS2) Limited	Investment holding	England & Wales
Canary Wharf (DS3 East) Limited	Investment holding	England & Wales
Canary Wharf (DS3 West) Limited	Investment holding	England & Wales
Canary Wharf (DS3) Limited	Investment holding	England & Wales
Canary Wharf (DS5) Limited	Investment holding	England & Wales
Canary Wharf (DS5) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (DS5) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (DS6) Limited	Investment holding	England & Wales
Canary Wharf (DS6) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (DS6) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (DS8) Limited	Investment holding	England & Wales
Canary Wharf (DS8) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (DS8) T2 Limited	Trustee landlord	England & Wales
Canary Wharf (Earl's Court) Limited	Dormant	England & Wales
Canary Wharf (FC2) Limited	Property investment	England & Wales
Canary Wharf (Finance Lessor) Limited	Dormant	England & Wales
Canary Wharf (Former Projects) Limited	Investment holding	England & Wales
Canary Wharf (FS Invest) Limited	Investment holding	England & Wales
Canary Wharf (FSGP) Limited	Investment holding	England & Wales
Canary Wharf (FSLP) Limited	Investment holding	England & Wales
Canary Wharf (HQ5) Jersey GP Limited	General partner	Jersey
Canary Wharf (HQ5) Jersey LP Limited	Investment holding	Jersey
Canary Wharf (North Quay) Limited	Property investment	England & Wales
Canary Wharf (Riverside South) Limited	Dormant	England & Wales
Canary Wharf (WF9) Limited	Investment holding	England & Wales
Canary Wharf (WF9) T1 Limited	Trustee landlord	England & Wales
Canary Wharf (WF9) T2 Limited	Trustee landlord	England & Wales
Canary Wharf 1BS Finance Limited (formerly 1 Bank Street Finance Limited)	Finance company	Jersey
Canary Wharf 1BS Lending Limited (formerly 1 Bank Street Lending Limited)	Finance company	Jersey
Canary Wharf 1BS Properties Limited (formerly 1 Bank Street Properties Limited)	Finance company	Jersey
Canary Wharf A2 SPV1 Limited	Investment holding	England & Wales
Canary Wharf A2 SPV2 Limited	Investment holding	England & Wales
Canary Wharf B2 SPV1 Limited	Investment holding	England & Wales
Canary Wharf B2 SPV2 Limited	Investment holding	England & Wales

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Name	Principal Activity	Registered Office
Canary Wharf Central Limited	Investment holding	England & Wales
Canary Wharf Communities Limited	Property investment	England & Wales
Canary Wharf Communities Two Limited	Property investment	England & Wales
Canary Wharf Contractors (10BS) Limited	Property contractor	England & Wales
Canary Wharf Contractors (1BS) Limited	Property contractor	England & Wales
Canary Wharf Contractors (B3 Hotel) Limited	Property investment	England & Wales
Canary Wharf Contractors (B4) Limited	Property contractor	England & Wales
Canary Wharf Contractors (B5) Limited	Property contractor	England & Wales
Canary Wharf Contractors (BP1) Limited	Property contractor	England & Wales
Canary Wharf Contractors (BP2) Limited	Property contractor	England & Wales
Canary Wharf Contractors (BP3) Limited	Property contractor	England & Wales
Canary Wharf Contractors (BP4) Limited	Property contractor	England & Wales
Canary Wharf Contractors (Crossrail) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS1) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS2) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS3 East) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS3 West) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS3) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS4) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS5) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS6) Limited	Property contractor	England & Wales
Canary Wharf Contractors (DS8) Limited	Property contractor	England & Wales
Canary Wharf Contractors (RT2) Limited	Property contractor	England & Wales
Canary Wharf Contractors (WF9) Limited	Property contractor	England & Wales
Canary Wharf Contractors Limited	Property contractor	England & Wales
Canary Wharf Developments Limited	Investment holding	England & Wales
Canary Wharf E1/2 SPV1 Limited	Investment holding	England & Wales
Canary Wharf E1/2 SPV2 Limited	Investment holding	England & Wales
Canary Wharf Energy Company Limited	Energy services	England & Wales
Canary Wharf Estate Limited	Investment holding	England & Wales
Canary Wharf Facilities Management Limited	Property management	England & Wales
Canary Wharf Finance (B2) Limited	Finance company	England & Wales
Canary Wharf Finance (Investments) Limited	Investment holding	England & Wales
Canary Wharf Finance Holdings Limited	Investment holding	England & Wales
Canary Wharf Finance II plc	Finance company	England & Wales
Canary Wharf Finance Leasing (BP1) Limited	Finance company	England & Wales
Canary Wharf Financing Limited	Finance company	England & Wales
Canary Wharf Funding (FC2/FC4) Limited	Investment holding	England & Wales
Canary Wharf Group plc	Investment holding	England & Wales
Canary Wharf Holdings (B2) Limited	Investment holding	England & Wales
Canary Wharf Holdings (B4) Limited	Investment holding	England & Wales
Canary Wharf Holdings (B5) Limited	Investment holding	England & Wales
Canary Wharf Holdings (BP1) Limited	Investment holding	England & Wales
Canary Wharf Holdings (BP2) Limited	Investment holding	England & Wales
Canary Wharf Holdings (BP3) Limited	Investment holding	England & Wales
Canary Wharf Holdings (BP4) Limited	Investment holding	England & Wales
Canary Wharf Holdings (DS1) Limited	Investment holding	England & Wales
Canary Wharf Holdings (DS2) Limited	Investment holding	England & Wales

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Name	Principal Activity	Registered Office
Canary Wharf Holdings (DS3) Limited	Investment holding	England & Wales
Canary Wharf Holdings (DS5) Limited	Investment holding	England & Wales
Canary Wharf Holdings (DS6) Limited	Investment holding	England & Wales
Canary Wharf Holdings (DS8) Limited	Investment holding	England & Wales
Canary Wharf Holdings (FC2) Limited	Investment holding	England & Wales
Canary Wharf Holdings (FC4) Limited	Investment holding	England & Wales
Canary Wharf Holdings (Jersey HQ5) Limited	Investment holding	Jersey
Canary Wharf Holdings (WF9) Limited	Investment holding	England & Wales
Canary Wharf Holdings Limited	Investment holding	England & Wales
Canary Wharf Investment Holdings (BP1) Limited	Investment holding	England & Wales
Canary Wharf Investment Holdings (BP2) Limited	Investment holding	England & Wales
Canary Wharf Investment Holdings (DS8) Limited	Investment holding	England & Wales
Canary Wharf Investments (B2) Limited	Investment holding	Jersey
Canary Wharf Investments (BP1) Limited	Property investment	England & Wales
Canary Wharf Investments (BP2) Limited	Property investment	England & Wales
Canary Wharf Investments (BP4) Limited	Property investment	England & Wales
Canary Wharf Investments (Crossrail) Limited	Property investment	England & Wales
Canary Wharf Investments (DS8) Limited	Property investment	England & Wales
Canary Wharf Investments (FC2) Limited	Property investment	England & Wales
Canary Wharf Investments (FC4) Limited	Property investment	England & Wales
Canary Wharf Investments (Four) Limited	Property investment	England & Wales
Canary Wharf Investments (RSNQ) Limited	Investment holding	England & Wales
Canary Wharf Investments (RT5) Limited	Property investment	England & Wales
Canary Wharf Investments (Three)	Property investment	England & Wales
Canary Wharf Investments (Two) Limited	Investment holding	England & Wales
Canary Wharf Investments Limited	Investment holding	England & Wales
Canary Wharf Leasing (FC4) Limited	Property investment	England & Wales
Canary Wharf Leasing (FC4) No.2 Limited	Property investment	England & Wales
Canary Wharf Limited	Property development	England & Wales
Canary Wharf Management (B1/B2) Limited	Investment holding	England & Wales
Canary Wharf Management (DS7) Limited	Property management	England & Wales
Canary Wharf Management (FC2/FC4) Limited	Property management	England & Wales
Canary Wharf Management (HQ3/HQ4) Limited	Property management	England & Wales
Canary Wharf Management Limited	Property management	England & Wales
Canary Wharf NFLA Limited	Investment holding	England & Wales
Canary Wharf NQO GP Limited	General partner	England & Wales
Canary Wharf NQO Holdco Limited	Property development	England & Wales
Canary Wharf NQO Holdings Limited	Dormant	Jersey
Canary Wharf NQO Investments Limited	Dormant	Jersey
Canary Wharf NQO Limited Partnership	Property investment	England & Wales
Canary Wharf NQO LP Limited	Investment holding	Jersey
Canary Wharf NQO Trustee Limited	Trustee landlord	England & Wales
Canary Wharf Properties (B2) Limited	Property management	Jersey
Canary Wharf Properties (Barchester) Limited	Property development	England & Wales
Canary Wharf Properties (BP4) Limited	Property investment	England & Wales
Canary Wharf Properties (Burdett Road) Limited	Property development	England & Wales
Canary Wharf Properties (Crossrail Two) Limited	Property investment	England & Wales
Canary Wharf Properties (Crossrail) Limited	Property development	England & Wales

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Name	Principal Activity	Registered Office
Canary Wharf Properties (FC2) Limited	Property investment	England & Wales
Canary Wharf Properties (FC4) Limited	Property investment	England & Wales
Canary Wharf Properties (RT5) Limited	Property investment	England & Wales
Canary Wharf Properties (WF9) Limited	Property investment	England & Wales
Canary Wharf Residential Management Limited	Property investment	England & Wales
Canary Wharf Retail (DS3) Limited	Property investment	England & Wales
Canary Wharf Retail (FC2) Limited	Property investment	England & Wales
Canary Wharf Retail (FC4) Limited	Property investment	England & Wales
Canary Wharf Retail (RT4) Limited	Property investment	England & Wales
Canary Wharf Retail Funding Limited	Finance company	England & Wales
Canary Wharf Retail Investments (DS3) Limited	Property investment	England & Wales
Canary Wharf Retail Investments (FC6) Limited	Property investment	England & Wales
Canary Wharf Retail Limited	Property investment	England & Wales
Canary Wharf Telecoms Limited	Telecommunication services	England & Wales
Canary.co.uk Limited	Dormant	England & Wales
CW 8 Harbord Square Limited	Property investment	England & Wales
CW 10 Park Drive Residential Limited	Property investment	England & Wales
CW Development Consulting Limited	Dormant	England & Wales
CW DS7F (Finance Lessor) Limited	Finance company	England & Wales
CW Finance Holdings II Limited	Investment holding	England & Wales
CW Holdco (B2) Limited	Investment holding	England & Wales
CW Investments (B2) Limited	Property investment	England & Wales
CW Leasing DS7B Limited	Property investment	England & Wales
CW Leasing DS7F Limited	Property investment	England & Wales
CW Lending II Limited	Finance company	England & Wales
CW One Park Drive Residential Limited	Dormant	England & Wales
CW Properties (B2) Limited	Property investment	England & Wales
CW Properties DS7B Limited	Property investment	England & Wales
CW Properties DS7F Limited	Property investment	England & Wales
CW Water Square Development Company Limited	Dormant	England & Wales
CW Water Square Limited	Dormant	England & Wales
CW Wood Wharf B3 Development Company Limited	Property contractor	England & Wales
CW Wood Wharf B3 GP Limited	General partner	England & Wales
CW Wood Wharf B3 Limited Partnership	Property investment	England & Wales
CW Wood Wharf B3 LP Limited	Investment holding	Jersey
CW Wood Wharf B3 T1 Limited	Trustee landlord	England & Wales
CW Wood Wharf C1 (Jersey) Limited	Property investment	Jersey
CW Wood Wharf C2 (Jersey) Limited	Property investment	Jersey
CW Wood Wharf C2 Development Company Limited	Property contractor	England & Wales
CW Wood Wharf C2 Limited	Investment holding	England & Wales
CW Wood Wharf D1/D2 Development Company Limited	Property contractor	England & Wales
CW Wood Wharf D1/D2 GP Limited	General partner	England & Wales
CW Wood Wharf D1/D2 Limited Partnership	Property investment	England & Wales
CW Wood Wharf D1/D2 LP Limited	Investment holding	Jersey
CW Wood Wharf D1/D2 T1 Limited	Trustee landlord	England & Wales
CW Wood Wharf D3/4 (Jersey) Limited	Property investment	Jersey
CW Wood Wharf D3/D4 Development Company Limited	Property contractor	England & Wales
CW Wood Wharf D3/D4 Limited	Investment holding	England & Wales

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Name	Principal Activity	Registered Office
CW Wood Wharf E3/4 (Jersey) Limited	Property investment	Jersey
CW Wood Wharf F1 (Jersey) Limited	Property investment	Jersey
CW Wood Wharf F2 Limited	Investment holding	England & Wales
CW Wood Wharf G1/G4 Limited	Property investment	England & Wales
CW Wood Wharf G10 Development Company Limited	Property contractor	England & Wales
CW Wood Wharf G10 Limited	Property investment	England & Wales
CW Wood Wharf G5/G6 Limited	Property investment	England & Wales
CW Wood Wharf H1 Limited	Investment holding	England & Wales
CW Wood Wharf H2 Limited	Investment holding	England & Wales
CW Wood Wharf H3 Development Company Limited	Property contractor	England & Wales
CW Wood Wharf H3 Limited	Property development	England & Wales
CW Wood Wharf H4 Limited	Investment holding	England & Wales
CW Wood Wharf J1 (Jersey) Limited	Property investment	Jersey
CW Wood Wharf J3 (Jersey) Limited	Property investment	Jersey
CW Wood Wharf J4 Limited	Property development	England & Wales
CW Wood Wharf Jersey Limited	Investment holding	Jersey
CW Wood Wharf L1 Development Company Limited	Property contractor	England & Wales
CW Wood Wharf L1 Limited	Property investment	England & Wales
CW Wood Wharf Retail Co Limited	Property investment	England & Wales
CWBC Finance (BP1) Limited	Finance company	England & Wales
CWBC Finance Two (BP1) Limited	Finance company	England & Wales
CWBC Investments (BP1) Limited	Property investment	England & Wales
CWBC Leasing (BP1) Limited	Property investment	England & Wales
CWBC Properties (BP1) Limited	Property investment	England & Wales
CWC SPV HCo Limited	Investment holding	England & Wales
CWC SPVa Limited	Property investment	England & Wales
CWC SPVc Limited	Dormant	England & Wales
CWC SPVd Limited	Property investment	England & Wales
CWC SPVe Limited	Property investment	England & Wales
CWCB Finance II Limited	Finance company	England & Wales
CWCB Finance Leasing (DS7B) Limited	Finance company	England & Wales
CWCB Holdings Limited	Investment holding	England & Wales
CWCB Investments (B1) Limited	Property investment	England & Wales
CWCB Investments (Car Parks) Limited	Property investment	England & Wales
CWCB Investments (DS6) Limited	Property investment	England & Wales
CWCB Investments (DS8) Limited	Property investment	England & Wales
CWCB Investments (RT2) Limited	Property investment	England & Wales
CWCB Investments (WF9) Limited	Property investment	England & Wales
CWCB Leasing (DS6) Limited	Property investment	England & Wales
CWCB Leasing (RT2) Limited	Property investment	England & Wales
CWCB Properties (DS6) Limited	Property investment	England & Wales
CWCB Properties (DS7) Limited	Property investment	England & Wales
CWCB Properties (DS8) Limited	Property investment	England & Wales
CWE SPV Hco Limited	Investment holding	England & Wales
CWE SPV Super Hco Limited	Investment holding	England & Wales
CWE SPVc Limited	Property investment	England & Wales
CWE SPVf Limited	Property investment	England & Wales

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Name	Principal Activity	Registered Office
CWE SPVg Limited	Property investment	England & Wales
CWG (Wood Wharf Four) Limited	Investment holding	England & Wales
CWG (Wood Wharf General Partner One) Limited	Investment holding	England & Wales
CWG (Wood Wharf General Partner) Limited	Investment holding	England & Wales
CWG (Wood Wharf One) Limited	Investment holding	England & Wales
CWG (Wood Wharf Three) Limited	Investment holding	England & Wales
CWG (Wood Wharf Two) Limited	Property development	England & Wales
CWG (Wood Wharf) 1A Limited Partnership	Investment holding	Scotland
CWG (Wood Wharf) Holdings Limited	Investment holding	England & Wales
CWG (Wood Wharf) Limited	Investment holding	England & Wales
CWG (Wood Wharf) Phase 2 Limited	Investment holding	England & Wales
CWG (Wood Wharf) UT GP 1A Limited	General partner	Scotland
CWG (Wood Wharf) UT LP 1A Limited	Investment holding	England & Wales
CWG NewCo Limited	Investment holding	England & Wales
CWG Properties (B2) Limited	Property investment	Jersey
CWG Retail Properties (B2) Limited	Property investment	England & Wales
Edyn (Wood Wharf B2) I Limited	Investment holding	Jersey
Edyn (Wood Wharf B2) II Limited	Investment holding	Jersey
Edyn (Wood Wharf B2) III Limited	Hotel investment	Jersey
First Tower GP(1) Limited	General partner	Scotland
First Tower GP(2) Limited	General partner	Scotland
First Tower Limited Partnership	Property investment	England & Wales
First Tower T1 Limited	Dormant	England & Wales
First Tower T2 Limited	Dormant	England & Wales
Guidecourt Management Limited	Property investment	England & Wales
Heron Quays (HQ1) Limited	Investment holding	England & Wales
Heron Quays (HQ1) T1 Limited	Trustee landlord	England & Wales
Heron Quays (HQ1) T2 Limited	Trustee landlord	England & Wales
Heron Quays (HQ2) Limited	Investment holding	England & Wales
Heron Quays (HQ2) T1 Limited	Trustee landlord	England & Wales
Heron Quays (HQ2) T2 Limited	Trustee landlord	England & Wales
Heron Quays (HQ3) Limited	Investment holding	England & Wales
Heron Quays (HQ3) T1 Limited	Trustee landlord	England & Wales
Heron Quays (HQ3) T2 Limited	Trustee landlord	England & Wales
Heron Quays (HQ4) Investments Limited	Property investment	England & Wales
Heron Quays (HQ5) Limited	Investment holding	England & Wales
Heron Quays (RT3) Limited	Investment holding	England & Wales
Heron Quays (RT3) T1 Limited	Trustee landlord	England & Wales
Heron Quays (RT3) T2 Limited	Trustee landlord	England & Wales
Heron Quays Holdings (HQ1) Limited	Investment holding	England & Wales
Heron Quays Holdings (HQ2) Limited	Investment holding	England & Wales
Heron Quays Holdings (HQ3) Limited	Investment holding	England & Wales
Heron Quays Holdings (HQ4) Limited	Investment holding	England & Wales
Heron Quays Holdings (HQ5) Limited	Investment holding	England & Wales
Heron Quays Holdings (RT3) Limited	Investment holding	England & Wales
Heron Quays Investments (RT3) Limited	Property investment	England & Wales
Heron Quays Properties Limited	Property development	England & Wales
Heron Quays West (1) Limited Partnership	Property investment	England & Wales

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
for the year ended 31 December 2021 (Continued)

Name	Principal Activity	Registered Office
Heron Quays West (1) T1 Limited	Trustee landlord	England & Wales
Heron Quays West (1) T2 Limited	Trustee landlord	England & Wales
Heron Quays West (Pavilion) Limited	Property investment	England & Wales
Heron Quays West (T1) Limited	Dormant	England & Wales
Heron Quays West GP (Four) Limited	General partner	England & Wales
Heron Quays West GP (One) Limited	General partner	Scotland
Heron Quays West GP (Three) Limited	General partner	England & Wales
Heron Quays West GP (Two) Limited	General partner	Scotland
Heron Quays West Infrastructure Development Company Limited	Property contractor	England & Wales
Heron Quays West Investments (One) SLP	Investment holding	Scotland
Heron Quays West Investments (Two) SLP	Investment holding	Scotland
Heron Quays West Limited Partnership	Property investment	England & Wales
Heron Quays West LP (One) Limited	Investment holding	England & Wales
Heron Quays West LP (Two) Limited	Investment holding	England & Wales
Heron Quays West Pavilion Development Company Limited	Property contractor	England & Wales
Heron Quays West Properties Limited	Dormant	England & Wales
Heron Quays West T2 Limited	Dormant	England & Wales
Highplan Limited	Property investment	England & Wales
HQCB Investments Limited	Property investment	England & Wales
HQCB Properties (HQ1) Limited	Property investment	England & Wales
HQCB Properties (HQ2) Limited	Dormant	England & Wales
HQCB Properties (HQ3) Limited	Property investment	England & Wales
HQCB Properties (HQ4 (2)) Limited	Dormant	England & Wales
HQCB Properties (HQ5 (2)) Limited	Investment holding	England & Wales
HQCB Properties (RT3) Limited	Property investment	England & Wales
Indural Holdings Limited	Property investment	England & Wales
Jollygate Limited	Property investment	England & Wales
Jubilee Place (Retail) Unit Trust GP Limited	General partner	Scotland
Jubilee Place (Retail) Unit Trust LP Limited	Investment holding	Scotland
Jubilee Place (Retail) Unit Trust SLP	Investment holding	Scotland
L39 Limited	Dormant	England & Wales
Level39 Limited	Serviced offices	England & Wales
Nash Court Retail Limited	Property investment	England & Wales
Norquil Limited	Property investment	England & Wales
One Canada Square (Retail) Unit Trust GP Limited	General partner	Scotland
One Canada Square (Retail) Unit Trust LP Limited	Investment holding	Scotland
One Canada Square (Retail) Unit Trust SLP	Investment holding	Scotland
Seven Westferry Circus Limited	Property investment	England & Wales
South London Procurement Network Limited	Dormant	England & Wales
South Quay Management Limited	Dormant	England & Wales
South Quay Properties Limited	Property development	England & Wales
Southbank Place Management Limited	Property management	England & Wales
Vertus 10 George St Limited	Property investment	England & Wales
Vertus 8 Water St Limited	Property investment	England & Wales
Vertus A2 Development Company Limited	Property contractor	England & Wales
Vertus E1/2 Development Company Limited	Property contractor	England & Wales
Vertus G3 Development Company Limited	Property contractor	England & Wales

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Name	Principal Activity	Registered Office
Vertus G3 Limited	Property development	England & Wales
Vertus Holdings Jersey Limited	Investment holding	Jersey
Vertus Newfoundland Place Limited	Property investment	England & Wales
Vertus NFL Development Company Limited	Property contractor	England & Wales
Vertus NFL Limited	Property development	England & Wales
Vertus NFL Properties Limited	Property development	England & Wales
Vertus Residential Management Limited	Property management	England & Wales
Vertus Residential plc	Investment holding	England & Wales
Vertus WW Properties Limited	Investment holding	England & Wales
Wood Wharf (General Partner) Limited	General partner	England & Wales
Wood Wharf (No. 1A General Partner) Limited	General partner	England & Wales
Wood Wharf (No. 1A) Limited Partnership	Investment holding	England & Wales
Wood Wharf (No. 1B General Partner) Limited	General partner	England & Wales
Wood Wharf (No. 1B) Limited Partnership	Investment holding	England & Wales
Wood Wharf B2 GP Limited	General partner	England & Wales
Wood Wharf Estate Management Limited	Property management	England & Wales
Wood Wharf Finance Company Limited	Finance company	England & Wales
Wood Wharf Infrastructure Development Company 1 Limited	Infrastructure developer	England & Wales
Wood Wharf Infrastructure Development Company 2 Limited	Infrastructure developer	England & Wales
Wood Wharf Limited Partnership	Property investment	England & Wales
Wood Wharf Management Company Limited	Property management	England & Wales
Wood Wharf Property Holdings Limited	Investment holding	England & Wales

The registered address of entities in England and Wales is 30th Floor, One Canada Square, Canary Wharf, London E14 5AB.

The registered address of entities in Scotland is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN.

The registered address of entities in Jersey is 47 Esplanade, St Helier, Jersey, Channel Island JE1 0BD.

Unless otherwise stated, all of these companies are incorporated in Great Britain and registered in England and Wales. CWG NewCo Limited holds the Group's investment in Canary Wharf Group plc.

	2021 £m	2020 £m
Cost and net book value of investments	**2,361.2**	2,361.2

(d) DEBTORS

	2021 £m	2020 £m
Due after more than one year:		
Loans to subsidiary undertakings	**892.5**	–
	892.5	–
Due within one year:		
Amounts owed by subsidiary undertakings	**2.8**	6.3
Accrued interest on loans to subsidiary undertakings	**5.4**	–
	8.2	6.3

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(e) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £m	2020 £m
Amounts owed to subsidiary undertakings	**395.1**	398.2
Accruals	**5.5**	1.0
	400.6	399.2

(f) CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £m	2020 £m
Green Bonds	**888.2**	–
Derivative financial instruments	**4.9**	–
	893.1	–

The Green Bonds are secured against the shares of the Company.

In April 2021 the Group issued £350.0m of corporate bonds with a coupon of 2.625% maturing on 23 April 2025, £300.0m of bonds with a coupon of 3.375% maturing on 23 April 2028 and €300.0m of bonds with a coupon of 1.75% maturing on 7 April 2026. The Eurobond principal and interest amounts were fully converted to GBP and hedged against foreign exchange volatility. The notes were issued as Green Bonds and referenced to climate related or environmental projects.

The proceeds from the Green Bonds were on lent to subsidiary undertakings and used to repay the £700.0m retail loan and the loans secured against 7 Westferry Circus of £40.0m and 15 Westferry Circus of £88.2m. See Note 21 for further information.

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DEFINITIONS

20 Fenchurch Street	A 690,000 sq ft building in the City of London
AGM	Annual General Meeting
AIG	American International Group, Inc.
BBVA	Banco Bilbao Vizcaya Argentaria SA
bn	Billion
Board	Board of directors of the Company
Braeburn	A joint venture investment of CWGRL
Brookfield	Brookfield Property Partners LP
BS OHSAS 18001	British Standard Occupational Health & Safety Accredited System
Canary Wharf Group	CWG and its subsidiaries
Canary Wharf/Estate	Canary Wharf Estate including Heron Quays West, Wood Wharf, Park Place, and North Quay
CAS	Credit Adjustment Spread
CDP	Customer Data Platform
CEBR	Centre for Economics and Business Research
Company	Canary Wharf Group Investment Holdings plc
CRT	Canal and River Trust
CWF II	Canary Wharf Finance II plc
CWG	Canary Wharf Group plc
CWGRL	Canary Wharf Group Residential Limited
DPO	Data Protection Officer
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ED&I	Equality, Diversity & Inclusion
EPRA	European Public Real Estate Association
ERV	Estimated Rental Value
Estate	The Canary Wharf Estate in the Docklands area of east London including the adjacent Wood Wharf Estate
EU	European Union
FRC	Financial Reporting Council
FRS	Financial Reporting Standard
FVTPL	Fair Value Through Profit and Loss
GDPR	General Data Protection Regulation
GRESB	Global Real Estate Sustainability Benchmark
Group	The Company, its wholly owned subsidiaries and Canary Wharf Group
HCA	Homes England (formerly Homes and Communities Agency)
HsO	HighSpeed Office Limited
IAS	International Accounting Standards
IAS 39	*International Accounting Standard 39 Financial Instruments: Recognition and Measurement*
IAS 40	International Accounting Standard 40 Investment Property
IBOR	Interbank offer rates
ICR	Interest Cover Ratio
IFRS	International Financial Reporting Standards
IFRS 3	International Financial Reporting Standard 3 Business Combinations
IFRS 4	International Financial Reporting Standard 4 Insurance Contracts
IFRS 7	International Financial Reporting Standard 7 Financial Instruments: Disclosures
IFRS 8	International Financial Reporting Standard 8 Operating Segments
IFRS 9	International Financial Reporting Standard 9 Financial Instruments
IFRS 13	International Financial Reporting Standard 13 Fair Value Measurement
IFRS 16	International Financial Reporting Standard 16 Leases
ISAE 3000	International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information
ISO	International Organisation for Standardisation
ISO 14001	ISO 14001 – Environmental Management Systems
ISO 45001	ISO 45001 – Occupational Health & Safety
ISO 50001	ISO 50001 – Energy Management
ISO 9001	ISO 9001 – Quality Management System
LBHI	Lehman Brothers Holdings Inc.
LBL	Lehman Brothers Limited
LIBOR	London Interbank Offered Rate
LMCTV	Loan Minus Cash to Value
LTC	Loan to Cost
LTV	Loan to Value

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DEFINITIONS (Continued)

NAV	Net Asset Value
NNNAV	Triple Net Asset Value
Notes	CMBS notes of Canary Wharf Group's securitisation
Ordinary Shares	Ordinary shares of 10p each
PFS	Private For Sale
PRS	Private Rental Sector
psf	Per square foot
QIA	Qatar Investment Authority
RCF	Revolving Credit Facility
REIT	Real Estate Investment Trust
s106	Section 106 of the Town and Country Planning Act 1990
SBTs	Science Based Targets
SBTi	Science Based Target initiative
Scope 2 emissions	Indirect emissions from purchased electricity
SHL	Stork Holdings Limited
SHL Group	SHL and its subsidiaries
SLP	Separate Limited Partnership
Southbank Place	5.25 acre development site in Waterloo, London
SONIA	Sterling Overnight Interbank Average Rate
sq ft	Square foot/square feet
Stork	Stork HoldCo LP, a Bermuda entity jointly owned by Brookfield and QIA
tCO_2e	tonnes of carbon dioxide equivalent
TfL	Transport for London
TMT	Technology, Media and Telecommunications
Underlying	Elements of the Income Statement defined in Note 1(x)
VAT	Value Added Tax
Vertus	Joint venture entities established with the ultimate parent undertakings to develop 2 new PRS buildings at Wood Wharf
Wood Wharf	A site adjacent to the Estate with consent for 5.3m sq ft of development