CANARY WHARF
GROUP PLC

CWBC FINANCE TWO (BP1) LIMITED

Registered number: 08591988

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CWBC FINANCE TWO (BP1) LIMITED

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CWBC FINANCE TWO (BP1) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report with the audited financial statements for the year ended 31 December 2020.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

PRINCIPAL ACTIVITY

The principal activity of the company is to provide finance to the owner of One Churchill Place, which is a fellow subsidiary undertaking.

During the year the company redeemed 246,400,431 of class B preference shares and 1,104,121,879 class C preference shares. The preference shares are redeemable by quarterly installments until 22 July 2034.

Following to the year end, the companies assets were transferred to its parent (see note below). The company ceased its activities and is expected to be wound up in due course. As a result the financial statements have been prepared on a basis other than that of a going concern (Note 2.2).

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £131,929 (2019 - loss £103,151).

During the year the company paid dividends on class B and class C preference shares totaling £19,553,901 (2019 - £21,413,104) (Note 7). No dividends on the ordinary shares have been paid or proposed in the year (2019 - £NIL).

DIRECTORS

The directors who served during the year were:

Sir George Iacobescu CBE
S Z Khan
R J J Lyons

On 6 May 2021, subsequent to the year end, A S J Daffern, K J Kingston and R J Worthington were appointed as directors of the company. On 21 May 2021, R J J Lyons resigned as a director.

The company provides an indemnity to all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The company also has in place liability insurance covering the directors and officers of the company. Both the indemnity and insurance were in force during the year ended 31 December 2020 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

CWBC FINANCE TWO (BP1) LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

POST BALANCE SHEET EVENTS

On 8 February 2021, subsequent to the year end, the company transferred the loans to a fellow subsidiary undertaking (Note 9) to its parent undertaking, the deriviatives in Note 12 were cancelled and net consideraton of £598,252,313 was agreed.

Also on 8 February 2021, the share premium on the preference shares (Note 13) was converted to distributable reserves by way of a capital reduction. As the preference shares are disclosed as a liability, this capital reduction has no impact on the financial statement other than to increase distributable reserves.

On 15 February 2021, the company declared a special dividend of £102,000,721 together with a preferential dividend of £165,167 on the B redeemable preference shares and declared a special dividend of £457,065,996, together with a preferential dividend of £928,528 on the C redeemable preference shares. The B redeemable preference shares and the C redeemable preference shares were then redeemed at par. The consideration totalling £560,164,940 was offset against the amounts due for the sale of the loans.

Following the redemption of the preference shares, 9,999 ordinary £1 shares were cancelled creating additional distributable reserves.

On 7 April 2021, the company declared a final dividend in respect of the remaining ordinary share of £38,458,260, which was settled by offsetting the remaining balance of the loan consideration and the amounts owed by group undertakings in Note 9.

As a result the company's net assets were reduced to £1.

This report was approved by the board on 28 June 2021 and signed on its behalf.

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Caroline Hillsdon
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C E Hillsdon
Secretary

CWBC FINANCE TWO (BP1) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CWBC FINANCE TWO (BP1) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of CWBC Finance Two (BP1) Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial reporting Council ('FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER - FINANCIAL STATEMENTS PREPARED OTHER THAN ON A GOING CONCERN BASIS

We draw attention to note 2 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CWBC FINANCE TWO (BP1) LIMITED

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. 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.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CWBC FINANCE TWO (BP1) LIMITED

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CWBC FINANCE TWO (BP1) LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.

J. Partington

Jason Partington FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 June 2021

CWBC FINANCE TWO (BP1) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Administrative expenses		-	(317)
OPERATING LOSS		-	(317)
Interest receivable and similar income	6	16,835,270	17,538,472
Interest payable and similar charges	7	(16,967,199)	(17,641,306)
LOSS BEFORE TAX		(131,929)	(103,151)
Tax on loss	8	-	-
LOSS FOR THE FINANCIAL YEAR		(131,929)	(103,151)
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(131,929)	(103,151)

The notes on pages 11 to 23 form part of these financial statements.

CWBC FINANCE TWO (BP1) LIMITED
REGISTERED NUMBER: 08591988

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	9	632,339,405	630,881,018
Debtors: amounts falling due within one year	9	20,603,905	19,793,403
		652,943,310	650,674,421
Creditors: amounts falling due within one year	10	(20,775,117)	(19,832,686)
NET CURRENT ASSETS		632,168,193	630,841,735
TOTAL ASSETS LESS CURRENT LIABILITIES		632,168,193	630,841,735
Creditors: amounts falling due after more than one year	11	(632,329,406)	(630,871,019)
NET LIABILITIES		(161,213)	(29,284)
CAPITAL AND RESERVES			
Called up share capital	13	10,000	10,000
Retained earnings	14	(171,213)	(39,284)
		(161,213)	(29,284)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 June 2021.

DocuSigned by:

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A S J Daffern
Director

The notes on pages 11 to 23 form part of these financial statements.

CWBC FINANCE TWO (BP1) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2020	10,000	(39,284)	(29,284)
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(131,929)	(131,929)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(131,929)	(131,929)
AT 31 DECEMBER 2020	10,000	(171,213)	(161,213)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2019	10,000	63,867	73,867
COMPREHENSIVE INCOME FOR THE YEAR			
Loss for the year	-	(103,151)	(103,151)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	(103,151)	(103,151)
AT 31 DECEMBER 2019	10,000	(39,284)	(29,284)

The notes on pages 11 to 23 form part of these financial statements.

1. GENERAL INFORMATION

CWBC Finance Two (BP1) Limited is a private company limited by shares incorporated in the UK under the Companies Act 2006 and registered in England and Wales at One Canada Square, Canary Wharf, London, E14 5AB.

The nature of the company's operations and its principal activities are set out in the Directors' Report.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with 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").

Replacement of LIBOR as an interest rate benchmark

It is anticipated that LIBOR will be replaced or discontinued after the end of 2021, as part of global financial regulators' project to reform interest rate benchmarks. The Company will therefore re-negotiate and/or otherwise amend to accommodate such change in benchmarks, where related instruments mature after 2021.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see Note 3).

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

2.2 Going concern

Following to the year end, the company's assets were transferred to its parent (see Note 16). The company ceased its activities and is expected to be wound up in due course. As a result the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. For the years ended 31 December 2020 and 31 December 2019, this did not result in any changes to the value of the company's assets.

2.3 Cash flow statement

The company has taken the exemption from preparing the cash flow statement under Section 1.12(b) as it is a member of a group where the parent of the group prepares publicly available consolidated accounts which are intended to give a true and fair view.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 Financial instruments

The directors have taken advantage of the exemption in paragraph 1.12c of FRS 102 allowing the company not to disclose the summary of financial instruments by the categories specified in paragraph 11.41.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor concerned.

Loans receivable

Loans receivable are recognised initially at the transaction price including transaction costs. Subsequent to initial recognition, loans receivable are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Income Statement over the period of the loan, using the effective interest method.

Trade and other payables

Trade and other creditors are stated at cost.

Borrowings

Loans payable are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans payable are stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the Income Statement over the period of the loan, 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.

Derivative instruments

The company uses interest rate derivatives to help manage its risks of changes in interest rates. The company does not hold or issue derivatives for trading purposes.

In order for a derivative to qualify for hedge accounting, the company is required to document the relationship between the item being hedged and the hedging instrument. The company is also required to demonstrate an assessment of the relationship between the hedged item and the hedging instrument for its economic relationship, effects of credit risk and hedge ratio. This shows that the hedge will be effective on an on-going basis. The effectiveness testing is re-performed at each balance sheet date to ensure that the hedge remains effective.

The changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The changes in the fair value of derivative financial instruments that are designated and effective as fair value hedges are recognised against the item being hedged. The changes in the fair value of any ineffective portions of hedges or undesignated financial instruments are recognised in the profit and loss account.

Hedge accounting is discontinued when the company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If the 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.

2.5 Taxation

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.

3. 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 preparation of financial statements also requires use of judgements, apart from those involving estimation, that management makes in the process of applying the entity's accounting policies.

Derivative financial instruments

The fair values of derivative financial instruments with other group undertakings are calculated using discounted forecast cash flows. The forecast LIBOR curve is derived from swap rates available on Bloomberg.

For the year ended 31 December 2020, the financial statements of the company did not contain any significant items that required the application of judgements, apart from those involving estimation.

4. AUDITOR'S REMUNERATION

Auditor's remuneration of £2,580 (2019 - £2,500) for the audit of the company has been borne by another group undertaking.

5. EMPLOYEES

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

CWBC FINANCE TWO (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
Interest receivable from group companies	26,981,020	27,715,152
Amortisation of loan premium	(10,145,750)	(10,176,680)
	16,835,270	17,538,472

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £	2019 £
Loan interest payable	16,788,832	17,490,727
Other interest payable	178,367	150,579
	16,967,199	17,641,306

Loan interest payable consist of the following:

	2020 £	2019 £
Dividends paid on class B and C preference shares	19,553,900	21,413,104
Dividend accruals movement	(769,551)	(128,376)
Amortisation of share issue premium	(10,145,750)	(10,176,680)
Interest payable on derivative financial instruments	8,150,233	6,382,679
Fair value adjustment on derivative financial instruments	26,757,923	15,698,384
Transfer to loan asset under fair value hedge accounting	(26,757,923)	(15,698,384)
	16,788,832	17,490,727

8. TAXATION

	2020 £	2019 £
Current tax on profits for the year	-	-
TAXATION ON LOSS ON ORDINARY ACTIVITIES	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(131,929)	(103,151)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%)	(25,067)	(19,599)
EFFECTS OF:		
Expenses not deductible for tax purposes	3,569,026	4,044,098
Group relief	(3,543,959)	(4,024,499)
TOTAL TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Enacted in the Finance Act 2020 is a provision to hold the rate of corporation tax to 19% on 1 April 2020.

The company is a member of a REIT headed by Stork Holdings Limited . As a consequence all qualifying property rental business is exempt from corporation tax. Only income and expenses relating to non-qualifying activities will continue to be taxable.

HMRC is currently enquiring into the tax treatment of certain transactions of the company and the potential outcome of such enquiries has been taken into account in the computation of the tax charge.

9. DEBTORS

	2020 £	2019 £
DUE AFTER MORE THAN ONE YEAR		
Loan to fellow subsidiary undertaking	632,339,405	630,881,018
	632,339,405	630,881,018

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Loan to fellow subsidiary undertaking	20,244,525	19,480,750
Amounts owed by group undertakings	359,380	312,653
	20,603,905	19,793,403

In 2013 the company lent the proceeds of its ordinary share capital subscription to a fellow subsidiary undertaking. The £10,000 loan bears interest at LIBOR and is repayable on 21 July 2034. During the same year the company acquired a loan from its parent undertaking in consideration for the issue of A redeemable preference shares. The loan was valued at £737,693,854 comprising £545,930,000 of capital, £6,871,015 of accrued interest and a premium of £184,892,839.

At 31 December 2020, the balance of the loan was £456,484,227 (2019 - £470,725,516). It bears interest at 5.815% and is repayable by installments until 22 July 2034. The balance of the acquisition premium remaining to be amortised at the year end was £107,784,293 (2019 - £117,930,043).

The amount of the loan due within one year comprises £5,090,737 (2019 - £5,249,460) of interest and £15,153,787 (2019 - £14,231,290) of capital.

In 2013, the company entered into an interest rate swap with its parent undertaking. During the year ended 31 December 2015, the company entered into an additional interest rate swap with the same party (Note 12). The swaps have been designated as fair value hedges of a portion of the £470,725,516 loan. At 31 December 2020, a liability of £83,214,672 (2019 - £56,456,749) has been recognised in respect of the fair value of the interest rate derivative with the corresponding debit of £83,214,672 (2019 - £56,456,749) being allocated against the loan.

The fair value of the loans to a fellow subsidiary undertaking at 31 December 2020 was £688,009,549 (2019 - £683,825,574), calculated by reference to the fair values of the company's financial liabilities.

The amounts at which loans to fellow subsidiary undertakings are stated comprise:

	2020 £	2019 £
Opening balance	650,361,768	658,495,900
Movement in fair value hedge	26,757,923	15,698,384
Amortisation of issue premium	(10,145,751)	(10,176,680)
Repaid in the period	(14,231,289)	(13,505,224)
Movement in accrued interest	(158,721)	(150,612)
Closing balance	652,583,930	650,361,768

The maturity profile of the company's contracted undiscounted cash flow is as follows:

	2020 £	2019 £
Within one year	41,371,074	41,370,979
In one to two years	41,371,167	41,371,074
In two to five years	124,114,108	124,113,795
In five to ten years	206,859,293	206,858,634
In ten to twenty years	302,842,011	344,214,149
	716,557,653	757,928,631

	2020 £	2019 £
Comprising:		
Principal repayments	456,484,227	470,715,516
Interest repayments	260,073,426	287,213,115
	716,557,653	757,928,631

The above table contains undiscounted cash flows (including interest) and therefore results in a higher balance than the carrying values or fair values of the intercompany debt.

10. CREDITORS: Amounts falling due within one year

	2020 £	2019 £
Accruals and deferred income	2,393,842	1,604,356
Redeemable preference share capital	152	142
Other preference shares redeemables	18,381,123	18,228,188
	20,775,117	19,832,686

Preference share redeemables comprise:

	2020 £	2019 £
B redeemable preference shares	3,252,560	3,221,505
C redeemable preference shares	15,128,715	15,006,825
	18,381,275	18,228,330

Other B preference share redeemables include £487,778 (2019 - £625,031) of interest and other C preference share redeemables include £2,739,710 (2019 - £3,372,009) of interest.

CWBC FINANCE TWO (BP1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11. CREDITORS: Amounts falling due after more than one year

	2020 £	2019 £
Redeemable preference share capital	4,413	4,565
Other preference shares redeemables	549,110,321	574,409,705
Derivative financial instruments	83,214,672	56,456,749
	632,329,406	630,871,019

Disclosure of the terms and conditions attached to the non-equity shares is made in note 13.

Preference share redeemables are split as follows:

	2020 £	2019 £
B redeemable preference shares	100,185,022	104,800,878
C redeemable preference shares	448,929,712	469,613,392
	549,114,734	574,414,270

The amounts at which borrowings are stated comprise:

	B redeemable preference shares £	C redeemable preference shares £	Total £
Opening balance	108,022,383	484,620,217	592,642,600
Repaid in the year	(2,596,474)	(11,634,815)	(14,231,289)
Financing charge adjustment	(1,851,075)	(8,294,676)	(10,145,751)
Movement in accrued dividends	(137,252)	(632,299)	(769,551)
Carried forward	103,437,582	464,058,427	567,496,009

	£	£	£
Payable within one year	3,252,560	15,128,715	18,381,275
Payable after more than one year	100,185,022	448,929,712	549,114,734
	103,437,582	464,058,427	567,496,009

The finance charge adjustment is amortisation of the non-redeemable issue premium to the income statement. This is required so to produce a constant effective rate of interest in the income statement.

At 31 December 2020 the balance of issue premium and finance charge outstanding was £19,665,055 (2019 - £21,516,130) for the B redeemable preference shares and £88,119,237 (2019 - £96,413,913) for the C redeemable preference shares.

The B redeemable preference shares carry a variable coupon of LIBOR plus 3.005%. The C redeemable preference shares carry a variable coupon of LIBOR plus 3.779%.

The fair value of the preference shares have been determined by reference to the fair value of an externally valued bank loan, held by a fellow subsidiary undertaking, with similar terms. At 31 December 2020 the fair value of B shares was £105,341,029 (2019 - £109,172,340) and the fair value of C preference shares was £499,453,848.17 (2019 - £518,196,484).

The maturity profile of the company's contracted undiscounted cash flows is as follows:

	B redeemable preference shares	C redeemable preference shares	Total
	£	£	£
Within one year	5,247,993	26,369,238	31,617,231
In one to two years	5,312,140	26,558,679	31,870,819
In two to five years	16,736,899	82,622,617	99,359,516
In five to ten years	30,760,211	147,963,266	178,723,477
In ten to twenty years	51,887,284	237,392,643	289,279,927
	109,944,527	520,906,443	630,850,970

	£	£	£
Principal payments	83,284,748	373,199,479	456,484,227
Interest payments	26,659,779	147,706,964	174,366,743
	109,944,527	520,906,443	630,850,970

The above table contains undiscounted cash flows (including interest) and therefore results in a higher balance than the carrying values or fair values of the borrowings.

The weighted average maturity of the debt at 31 December 2020 was 9.6 years (2019 - 10.3 years).

The weighted average effective interest rate of the company at 31 December 2020 was 2.95% (2019 - 2.95%). The effective interest rate incorporates the effects of the finance charge adjustments detailed above.

12. DERIVATIVE FINANCIAL INSTRUMENTS

The company uses interest rate swaps to hedge exposure to the variability in the fair value of its intercompany loan caused by movements in market rates of interest.

During 2013, the company entered into an on-market interest rate swap with its parent undertaking. The swap was deemed to be designated as a fair value hedge of a proportion of the company's debtor loan and is highly effective. During the year ended 31 December 2015 the company entered into an additional on-market interest rate swap with its parent undertaking and designated it as a fair value hedge. At 31 December 2020 a £83,214,672 liability (2019 - £56,456,749) has been recognised in relation to this swap.

The following table shows the undiscounted cash (inflows) and outflows in relation to the company's derivative financial instruments based on the company's prediction of future movements in interest rates.

	2020 £	2019 £
Within one year	9,719,790	6,551,065
In one to two years	9,470,319	6,508,257
In two to five years	24,863,074	16,765,770
In five to ten years	28,263,127	19,469,095
In ten to twenty years	13,482,620	11,340,329
	85,798,930	60,634,516

Changes in interest rates would primarily affect the market value of derivative financial instruments. These changes would impact on carrying value of the debtor loan, but would have no impact on the Income Statement, Statement of Changes in Equity or the Statement of Financial Position.

A +0.5% parallel shift in the interest rate curve used to value the derivatives, with all other variables held constant, would debit the value of the derivative by £22.5m thus reducing the derivative financial liability to £33m and credit the debtor loan balance by £22.5m.

A -0.5% parallel shift in the interest rate curve used to value the derivatives, with all other variables held constant, would credit the value of the derivative by £23.9m thus increase the derivative financial liability to £81.6m and debit the debtor loan balance by £23.9m.

The 0.5% sensitivity has been selected based on the directors' view of a reasonable interest rate curve movement assumption.

13. SHARE CAPITAL

	2020 £	2019 £
Shares classified as equity		
Allotted, called up and fully paid		
10,000 (2019 - 10,000) Ordinary shares of £1.00 each	10,000	10,000

	2020 £	2019 £
Shares classified as debt		
Allotted, called up and fully paid		
8,328,474,789 (2019 - 8,588,122,179) B redeemable preference shares of £-0.0000001 each	833	859
37,319,947,878 (2019 - 38,483,429,467) C redeemable preference shares of £-0.0000001 each	3,732	3,848
	4,565	4,707

The company has 10,000 ordinary £1 shares, which were issued at par.

In addition to this, at 31 December 2020 the company also had 8,328,474,789 (2019 - 8,588,122,179) class B redeemable preference shares of 0.00001p each and 37,319,947,878 (2019 - 38,483,429,467) class C redeemable preference shares of 0.00001p each.

The redeemable preference shares have been designated as financial liabilities and included within creditors (Note 11).

The class B redeemable preference shares are redeemable by quarterly installments until 22 July 2034 and a dividend at a rate of LIBOR plus 3.005% is payable quarterly on these shares. 246,400,431 shares were redeemed during the year. The class B redeemable preference shares carry the right to attend a shareholder meeting but not to vote.

The class C redeemable preference shares are redeemable by quarterly installments until 22 July 2034 and a dividend at a rate of LIBOR plus 3.779% is payable quarterly on these shares. 1,104,121,879 shares were redeemed during the year. The class C redeemable preference shares carry the right to attend a shareholder meeting but not to vote.

14. RESERVES

During 2015, the company converted all of its class A redeemable 0.00001p preference shares into class C redeemable 0.00001p preference shares.

Redeemable class A and B preference shares were originally issued at 1p each but in 2013 the company undertook a capital reduction canceling and extinguishing 0.99999p of its liability in each of those shares. That resulted in the creation of £543,496,651 of distributable reserves facilitating future scheduled dividends on the all redeemable preference shares. As the company's contractual cash flows associated with the redeemable preference shares remained unchanged following the capital reduction, this balance is included within creditors (Note 11).

	2020 £	2019 £
Retained earnings per financial statements	(171,213)	(39,284)
Add back: Accrued dividends	3,227,488	3,997,040
Add back: Amortisation of premium on issue of preference shares	(76,079,460)	(65,933,710)
Capital reduction	543,496,651	543,496,651
Accumulated preference share redemptions	(87,017,859)	(72,786,569)
Distributable reserves	383,455,607	408,734,128

15. OTHER FINANCIAL COMMITMENTS

As at 31 December 2020 and 31 December 2019 the company had given a fixed charge over substantially all its assets to secure the borrowings of its immediate parent undertaking.

16. POST BALANCE SHEET EVENTS

On 8 February 2021, subsequent to the year end, the company transferred the loans to a fellow subsidiary undertaking (Note 9) to its parent undertaking, the deriviatives in Note 12 were cancelled and net consideraton of £598,252,313 was agreed.

Also on 8 February 2021, the share premium on the preference shares (Note 13) was converted to distributable reserves by way of a capital reduction. As the preference shares are disclosed as a liability, this capital reduction has no impact on the financial statement other than to increase distributable reserves.

On 15 February 2021, the company declared a special dividend of £102,000,721 together with a preferential dividend of £165,167 on the B redeemable preference shares and declared a special dividend of £457,065,996, together with a preferential dividend of £928,528 on the C redeemable preference shares. The B redeemable preference shares and the C redeemable preference shares were then redeemed at par. The consideration totalling £560,164,940 was offset against the amounts due for the sale of the loans.

Following the redemption of the preference shares, 9,999 ordinary £1 shares were cancelled creating additional distributable reserves.

On 7 April 2021, the company declared a final dividend in respect of the remaining ordinary share of £38,458,260, which was settled by offsetting the remaining balance of the loan consideration and the amounts owed by group undertakings in Note 9.

As a result the company's net assets were reduced to £1.

17. CONTROLLING PARTY

The company's immediate parent undertaking is CWBC Finance (BP1) Limited.

As at 31 December 2020, the smallest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Canary Wharf Group Investment Holdings plc. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

The largest group of which the company is a member for which group financial statements are drawn up is the consolidated financial statements of Stork HoldCo LP, an entity registered in Bermuda and the ultimate parent undertaking and controlling party. Stork HoldCo LP is registered at 73 Front Street, 5th Floor, Hamilton HM12, Bermuda.

Stork HoldCo LP is controlled as to 50% by Brookfield Property Partners LP and as to 50% by Qatar Investment Authority.

The directors have taken advantage of the exemption in paragraph 33.1A of FRS 102 allowing the company not to disclose related party transactions with respect to other wholly-owned group companies.