CANARY WHARF FINANCE II PLC
26 AUGUST 2015

PUBLICATION OF THE HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2015

Pursuant to sections 4.1 and 6.3.5 of the Disclosure and Transparency Rules, the board of Canary Wharf Finance II plc is pleased to announce the publication of its half yearly financial report for the six months ended 30 June 2015, which will shortly be available from www.canarywharf.com/Investor Relations.

The information contained within this announcement, which was approved by the board of directors on 26 August 2015, does not comprise statutory accounts within the meaning of the Companies Act 2006 and is provided in accordance with section 6.3.5(2)(b) of the Disclosure and Transparency Rules.

In compliance with the Listing Rule 9.6.1, a copy of the 30 June 2015 half yearly financial report will be submitted to the UK Listing Authority via the National Storage Mechanism and will shortly be available to the public for inspection at www.hemscott.com/nsm.do.

Dated: 26 August 2015

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INTERIM MANAGEMENT STATEMENT

This interim management statement relates to the six months ended 30 June 2015 and contains information that covers the period from 1 January 2015 to 26 August 2015, the date of publication of this interim management statement.

BUSINESS REVIEW

The company is a wholly owned subsidiary of Canary Wharf Group plc and until 5 February 2015 its ultimate parent undertaking was Songbird Estates plc.

On 4 December 2014, Stork Holdings Limited, an entity jointly owned by Qatar Investment Authority and Brookfield Property Partners LP announced the terms of a final cash offer for the acquisition of the entire issued and to be issued ordinary share capital of Songbird Estates plc at £3.50 per ordinary share. The offer became wholly unconditional on 5 February 2015. Having obtained more than 90.0% of the issued share capital, Stork Holdings Limited then announced a compulsory acquisition of the remaining Songbird Estates plc shares in respect of which acceptances of the offer had not been received.

The offer becoming unconditional triggered a mandatory cash offer for the issued and to be issued ordinary share capital of Canary Wharf Group plc at a price of £6.45 per share and the subsequent compulsory acquisition process of the Canary Wharf Group plc shares in respect of which acceptances of the offer had not been received.

The compulsory purchase periods lasted until 17 April 2015, at which time the shares were compulsorily purchased on the same terms as the original offers.

The company is a finance vehicle that issues securities which are backed by commercial mortgages over properties within the Canary Wharf estate. The company is engaged in the provision of finance to the Canary Wharf group, comprising Canary Wharf Group plc and its subsidiaries ('the group'). All activities take place within the United Kingdom.

At 30 June 2015, the company had £1,575,475,922 (31 December 2014: £1,590,138,521) of notes listed on the London Stock Exchange and had lent the proceeds to a fellow subsidiary undertaking, CW Lending II Limited ('the Borrower') under a loan agreement ('the Intercompany Loan Agreement'). The notes are secured on a pool of properties at Canary Wharf, owned by fellow subsidiary undertakings, and the rental income therefrom.

Results for the period

The year ending 31 December 2015 will be the first year in which the company presents its financial statements under the new Financial Reporting Standard applicable in the UK and Republic of Ireland (‘FRS 102’) and therefore this half-yearly report is the first one to be prepared in accordance with FRS 104. Accordingly, the comparative figures for the half year to 30 June 2014 and the year ended 31 December 2014 have been restated as described in Note 2.

As shown in the company's profit and loss account, the company's profit after tax for the six month period was £16,023,247 (period ended 30 June 2014: loss of £6,452,840).

This profit included an unrealised fair value gain on derivative financial instruments and hedge reserve recycling, net of deferred tax, of £15,944,884 (30 June 2014 loss of: £7,876,765). The 2014 results were impacted by certain exceptional items relating to the cancellation of £61,439,000 of floating rate notes on 20 June 2014 and the partial redemption of £577,900,000 of class A1 notes on 22 July 2014. Such exceptional items resulted in a net gain of £1,263,188. The net impact of exceptional items in the current year is £Nil. Excluding the fair value gain movement on derivative financial instruments, hedge reserve recycling and the prior year exceptional profit, the profit for the period was £78,363 (30 June 2014: £160,737).

The balance sheet shows the company's financial position at the period end and indicates that net liabilities were £224,156,778 (31 December 2014: £255,714,030).

The movement in the financial position of the company is primarily due to the impact of the fair value of financial instruments, derived by reference to the market values provided by the relevant counter parties.

In adopting FRS 102, the company has chosen to apply IAS 39 (Financial Instruments: Recognition and Measurement) which results in the same financial instrument accounting policies as applied under Financial Reporting Standard 26 (Financial Instruments: Recognition and Measurement) applied under the previous GAAP.

IAS 39 requires recognition of the mark to market of derivative financial instruments, which hedge the company's exposure to interest rate fluctuations, but the mark to market of the company's debtor loan and securitised debt has not been recognised.

Adjusting for the effects of IAS 39 and the deferred tax arising, the underlying net asset value of the company at 30 June 2015 was as follows:

Audited 31 December As restated 2014 £		Unaudited 30 June 2015 £	Unaudited 30 June As restated 2014 £
(255,714,030)	Net liabilities per balance sheet	(224,156,778)	(152,765,274)
325,578,611	Add back: Effects of IAS 39	286,230,000	196,624,311
(65,115,722)	Less: Deferred tax thereon	(57,246,000)	(39,324,862)
4,748,859	Adjusted net assets	4,827,222	4,534,175

Audited 31 December 2014 As restated £		Unaudited 30 June 2015 £	Unaudited 30 June 2014 As restated £
1,590,138,521	Securitised debt	1,575,475,922	2,191,653,241
115,387,315	Financing cost (before adjustments for IAS 39)	46,998,785	65,359,129
375,420	Adjusted profit before tax and IAS 39	78,363	160,737
16.0 years	Weighted average maturity of debt	15.6 years	12.0 years
6.2%	Weighted average interest rate	6.2%	6.2%

The adjusted profit before tax comprises the profit on ordinary activities before tax of £20,009,467 (30 June 2014: loss of £8,106,233) adjusted for the IAS 39 items listed in Note 4 totalling £19,931,104 (30 June 2014: £8,266,969).

There have been no significant events since the balance sheet date.

GOING CONCERN

The directors are required to prepare the financial statements for each financial period on a going concern basis, unless to do so would not be appropriate. Having made the requisite enquiries, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future and hence the financial statements have been prepared on that basis.

At 30 June 2015 the company had a deficit of £224,156,778 attributable solely to the adoption of IAS 39. Under the requirements of the standard the company recognises the fair value of its derivative financial instruments in the balance sheet. In the event that the company were to realise the fair value of the derivative financial instruments, it would have the right to recoup its losses as a repayment premium on its loans to CW Lending II Limited. The standard does not permit this potential asset to be accounted for in conjunction with the hedges.

Notwithstanding the deficit in net assets resulting from the treatment of derivative financial instruments required by IAS 39, the directors have prepared the financial statements on a going concern basis on the grounds that the company will be able to meet its obligations as they fall due for a period of not less than 12 months from the date of the financial statements.

The directors have also reached the view that the value of the company's assets at the balance sheet date was not less than the amount of its liabilities for the purposes of Section 123(2) of the Insolvency Act 1986.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties facing the business are monitored through continuous assessment, regular formal quarterly reviews and discussion at Canary Wharf Group plc board level and Songbird Estates audit committee and board level. Such discussion focuses on the risks identified as part of the system of internal control which highlights key risks faced by the company and allocates specific day to day monitoring and control responsibilities to management. As a member of Canary Wharf Group, the current key risks of the company include the cyclical nature of the property market, concentration risk and financing risk.

Cyclical nature of the property market

The valuation of the Canary Wharf Group's assets is subject to many external economic and market factors. Favourable conditions in the London real estate market have been underpinned by the continuing presence of overseas investors attracted by the relative transparency of the real estate market in London which is viewed as both stable and secure. The market has also been underpinned by continuing demand for sites capable of incorporating residential development. During 2015 to date, there has been continuing investor demand for office space and continuing confidence in the office real estate market.

Changes in financial and property markets are kept under constant review so that the company can react appropriately and tailor its business accordingly.

Concentration risk

The majority of the Canary Wharf Group's real estate assets are currently located on or adjacent to the Canary Wharf Estate with a majority of tenants linked to the financial services industry. Wherever possible steps are taken to mitigate or avoid material consequences arising from this concentration and to diversify the tenant base.

Financing risk

The broader economic cycle is reflected in movements in inflation, interest rates and bond yields.

The company has issued debenture finance in sterling at both fixed and floating rates and uses interest rate swaps to modify its exposure to interest rate fluctuations. All of the company's borrowings are fixed after taking account of interest rate hedges. All borrowings are denominated in sterling and the company has no intention to borrow amounts in currencies other than sterling.

The company enters into derivative financial instruments solely for the purposes of hedging its financial liabilities. No derivatives are entered into for speculative purposes.

The company is not subject to externally imposed capital requirements.

The company's securitisation is subject to a maximum loan minus cash to value ('LMCTV') ratio covenant.

The maximum LMCTV ratio is 100.0%. Based on the 31 December 2014 valuations of the properties upon which the company's notes are secured, the LMCTV ratio at the interest payment date in July 2015 was 50.6%. The 30 June 2015 valuations were not available at the date of signing the interim management statement. The securitisation is not subject to a minimum interest coverage ratio. A breach of certain financial covenants can be remedied by depositing eligible investments (including cash).

DIRECTORS' RESPONSIBILITY STATEMENT

The board of directors, comprising A Aluthman Fakhroo, A P Anderson II, J Haick, Sir George Iacobescu CBE, J R Garwood (alternate director to Sir George Iacobescu CBE) and R J J Lyons (alternate director to A P Anderson II), confirms to the best of its knowledge that:

- the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as required by Rule 4.2.4 of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority (the 'DTRs'); and

- the interim management statement includes a fair review of the information required by Rule 4.2.7 of the DTRs (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year).

PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2015

Audited Year ended 31 December 2014 As restated See note 2 £			Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 As restated See note 2 £
(18,626)	Administrative expenses		(7,902)	(7,824)
(18,626)	**OPERATING LOSS**		(7,902)	(7,824)
115,781,361	Interest receivable before exceptional items	3	47,085,050	65,527,690
	Exceptional items:			
8,418,815	Premium on repayment of loan by fellow subsidiary undertaking	3	–	8,418,815
173,541,915	Accrued premium on repayment of loan by fellow subsidiary undertaking	3	5,439,147	171,469,952
(15,645,111)	Adjustment to issue premium amortisation	3	–	(15,645,111)
(193,127,770)	Interest payable and similar charges before exceptional items	4	(27,067,681)	(74,889,287)
	Exceptional items:			
9,456,185	Discount on cancellation of notes	4	–	9,456,185
15,645,111	Adjustment to issue premium amortisation	4	–	15,645,111
(173,541,915)	Provision for premium on repayment of class A1 notes	4	(5,439,147)	(171,469,952)
1,263,188	Discontinuation of prospective hedge accounting	4	–	1,263,188
(17,875,000)	Swap breakage fees	4	–	(17,875,000)
(76,101,847)	**PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**		20,009,467	(8,106,233)
15,295,452	Tax on profit on ordinary activities	5	(3,986,220)	1,653,393
(60,806,395)	**PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD/YEAR**		16,023,247	(6,452,840)

All amounts relate to continuing activities in the United Kingdom.

The Notes numbered 1 to 11 form an integral part of this Half Yearly Financial Report.

The Half Yearly Financial Report for the six months ended 30 June 2015 was approved by the Board of Directors on 26 August 2015.

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2015

Audited Year ended 31 December 2014 As restated See note 2 £		Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 As restated See note 2 £
(60,806,395)	Profit/(loss) for the financial period/year	16,023,247	(6,452,840)
(88,671,624)	Fair value movement on effective hedging instruments	12,898,648	(21,401,390)
33,062,268	Interest paid on effective hedging instruments	6,859,011	26,178,929
(1,263,188)	Termination of hedge reserve recycling	–	(1,263,188)
(785,139)	Hedge reserve recycling	(340,152)	(428,032)
11,531,537	Tax relating to components of other comprehensive income	(3,883,502)	(617,264)
(106,932,541)	Total comprehensive income for the period/year	31,557,252	(3,983,785)

The Notes numbered 1 to 11 form an integral part of this Half Yearly Financial Report.

BALANCE SHEET AS AT 30 JUNE 2015

Audited 31 December 2014 As restated See note 2 £		Note	Unaudited 30 June 2015 £	Unaudited 30 June 2014 As restated See note 2 £
	CURRENT ASSETS			
	Debtors	**6**		
1,609,520,784	Amounts falling due after one year		1,593,589,165	1,641,234,806
288,698,855	Amounts falling due within one year		285,929,731	251,963,868
2,657,980	Cash at bank	**7**	24,984,925	589,647,665
1,900,877,619			1,904,503,821	2,482,846,339
(47,950,336)	**CREDITORS: Amounts falling due within one year**	**8**	(69,860,369)	(641,927,654)
1,852,927,283	**NET CURRENT ASSETS**		1,834,643,452	1,840,918,685
1,852,927,283	**TOTAL ASSETS LESS CURRENT LIABILITIES**		1,834,643,452	1,840,918,685
(1,935,099,398)	**CREDITORS: Amounts falling due after more than one year**	**9**	(1,879,819,168)	(1,822,214,007)
(173,541,915)	Provision for liabilities	**10**	(178,981,062)	(171,469,952)
(255,714,030)	**NET LIABILITIES**		(224,156,778)	(152,765,274)
	CAPITAL AND RESERVES			
50,000	Called-up share capital		50,000	50,000
(118,798,275)	Hedging reserve		(103,264,270)	(70,203,074)
(136,965,755)	Profit and loss account		(120,942,508)	(82,612,200)
(255,714,030)	**SHAREHOLDER'S DEFICIT**		(224,156,778)	(152,765,274)

The Notes numbered 1 to 11 form an integral part of this Half Yearly Financial Report.

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Called-up share capital £	Hedging reserve £	Profit and loss account £	Total £
At 1 January 2014 as previously stated	50,000	(90,840,161)	(96,280,061)	(187,070,222)
Changes on transition to FRS 102 (see Note 2)	–	18,168,032	20,120,701	38,288,733
At 1 January 2014 as restated	50,000	(72,672,129)	(76,159,360)	(148,781,489)
Loss for the period	–	–	(6,452,840)	(6,452,840)
Other comprehensive income	–	2,469,055	–	2,469,055
At 30 June 2014 as restated	50,000	(70,203,074)	(82,612,200)	(152,765,274)
Loss for the period	–	–	(54,353,555)	(54,353,555)
Other comprehensive income	–	(48,595,201)	–	(48,595,201)
At 31 December 2014 as restated	50,000	(118,798,275)	(136,965,755)	(255,714,030)
Profit for the period	–	–	16,023,247	16,023,247
Other comprehensive income	–	15,534,005	–	15,534,005
At 30 June 2015	50,000	(103,264,270)	(120,942,508)	(224,156,778)

The Notes numbered 1 to 11 form an integral part of this Half Yearly Financial Report.

NOTES TO THE INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2015

1. ACCOUNTING POLICIES

For the year ending 31 December 2015 the company's annual financial statements will be prepared in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Accordingly, this condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting" and, as disclosed in Note 2 the comparative figures for the year ended 31 December 2014 and the six months ended 30 June 2014 have been restated in accordance with FRS 102 and FRS 104, respectively.

The financial information relating to the six months ended 30 June 2015 and 30 June 2014 is unaudited.

The results for the year ended 31 December 2014 are not the company's statutory accounts. A copy of the statutory accounts for the year has been delivered to the Register of Companies. The auditor's report on those accounts was not qualified, did not contain any reference to any matters which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

In accordance with FRS 102, the company will be exempt from presentation of a cash flow statement in its next annual financial statements as it will be included in the consolidated financial statements of Songbird Estates plc, and accordingly the company has taken an equivalent exemption in preparing these condensed interim financial statements.

2. TRANSITION TO FRS 102

The year ending 31 December 2015 is the first year in which the company will be presenting its financial statements under FRS 102. The financial statements for the year ended 31 December 2014 were under previous UK GAAP. The accounting policies under FRS 102 are materially the same for the company as those under previous UK GAAP, with the exception of deferred taxation.

Under previous UK GAAP, deferred tax was not recognised on the timing differences arising as a result of the periodic revaluation of derivatives. Under FRS 102, these timing differences do give rise to deferred tax assets. The impact of this change is as follows:

Shareholders' deficit	1 January 2014 £	30 June 2014 £	31 December 2014 £
Under previous UK GAAP	(187,070,222)	(192,090,136)	(320,829,752)
Recognition of deferred tax asset on derivatives	38,288,733	39,324,862	65,115,722
Reported under FRS 102	(148,781,489)	(152,765,274)	(255,714,030)

(Loss)/profit for the period/year	30 June 2014 £	31 December 2014 £
Under previous UK GAAP	(8,106,233)	(76,101,847)
Movement in deferred tax asset on derivatives	1,653,393	15,295,452
Reported under FRS 102	(6,452,840)	(60,806,395)

Other comprehensive income for the period/year	30 June 2014 £	31 December 2014 £
Under previous UK GAAP	3,086,319	(57,657,683)
Movement in deferred tax asset on derivatives	(617,264)	11,531,537
Reported under FRS 102	2,469,055	(46,126,146)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

Audited Year ended 31 December 2014 £		Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £
	Before exceptional items:		
197,929	Bank interest receivable	8,278	56,374
115,583,432	Interest receivable from group undertakings	47,076,772	65,471,316
115,781,361		47,085,050	65,527,690
	Exceptional items:		
8,418,815	Premium on repayment of loan by fellow subsidiary undertaking	–	8,418,815
173,541,915	Accrued premium on repayment of loan by fellow subsidiary undertaking	5,439,147	171,469,952
(15,645,111)	Adjustment to issue premium amortisation	–	(15,645,111)

On 20 June 2014, the loan to a fellow subsidiary undertaking was part repaid to fund the cancellation of certain floating rate notes. A net repayment premium of £8,418,815 was charged to cover the net cost of cancelling the debt.

An additional amount of £5,439,147 (31 December 2014: £173,541,915) has been accrued as recoverable from the fellow subsidiary undertaking to cover the potential premium payable to the holders of the class A1 notes which were redeemed in part on 22 July 2014.

The part repayment of the intercompany loan resulted in an adjustment to the amortisation profile of the premium paid on issue of the loan, resulting in £15,645,111 being taken to the profit and loss account on 20 June 2014. This was treated as an exceptional item.

4. INTEREST PAYABLE AND SIMILAR CHARGES

Audited Year ended 31 December 2014 £		Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 £
	Before exceptional items:		
115,387,315	Interest payable on securitised debt (Note 9)	46,998,785	65,359,129
78,525,594	Fair value adjustments on derivative financial instruments	(19,590,952)	9,958,190
(785,139)	Hedge reserve recycling	(340,152)	(428,032)
193,127,770		27,067,681	74,889,287
	Exceptional items:		
(9,456,185)	Discount on cancellation of notes	–	(9,456,185)
(15,645,111)	Adjustment to issue premium amortisation	–	(15,645,111)
173,541,915	Provision for premium on repayment of class A1 notes	5,439,147	171,469,952
(1,263,188)	Discontinuation of prospective hedge accounting	–	(1,263,188)
17,875,000	Swap breakage fees	–	17,875,000

The company has provided for £178,981,062 at 30 June 2015 in respect of the potential premium payable to the holders of the class A1 notes following the partial redemption on 22 July 2014 as described in Note 9, being an amount of £168,746,800, plus interest at 6.455% per annum.

The partial redemption of the class A1 notes on 20 June 2014 gave rise to an adjustment to the amortisation profile of the premium received on issue of the notes, resulting in £15,645,111 being taken to the profit and loss account. This was treated as an exceptional item.

On 20 June 2014, an intermediate parent undertaking assumed the company's obligations in respect of £26,101,000 of class B3 notes and £35,338,000 of class C2 notes, which were held by a fellow subsidiary undertaking. These notes were then cancelled. The company paid consideration of £51,982,815 together with accrued interest of £142,763. The profit on disposal of the notes of £9,456,185 was taken to the profit and loss account and treated as an exceptional item.

The interest rate swaps relating to the notes cancelled were terminated on 20 June 2014 at a cost of £17,875,000. This amount was taken to the profit and loss account and treated as an exceptional item.

Included in the interest payable on securitised debt is £497,686 (30 June 2014: £855,913) payable in respect of notes held by a fellow subsidiary undertaking.

5. TAXATION

Audited Year ended 31 December 2014 As restated £		Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 As restated £
	Tax charge:		
–	Current tax chargeable to income	–	–
(15,295,452)	Deferred tax	3,986,220	(1,653,393)
(15,295,452)		3,986,220	(1,653,393)
	Tax reconciliation:		
(76,101,847)	Profit/(loss) on ordinary activities before taxation	20,009,467	(8,106,233)
(16,361,897)	Tax on profit at UK corporation tax rate:	4,051,917	(1,742,840)
	Effects of:		
1,147,160	Changes in tax rates	(49,829)	124,005
(80,715)	Group relief	(15,868)	(34,558)
(15,295,452)		3,986,220	(1,653,393)

Deferred tax

Audited Year ended 31 December 2014 As restated £		Unaudited Six months ended 30 June 2015 £	Unaudited Six months ended 30 June 2014 As restated £
	Deferred tax assets		
38,288,733	Brought forward	65,115,722	38,288,733
15,295,452	(Charge)/credit to profit and loss account	(3,986,220)	1,653,393
11,531,537	(Charge)/credit to other comprehensive income	(3,883,502)	(617,264)
65,115,722		57,246,000	39,324,862

At 30 June 2015, there was an unprovided deferred tax asset of £1,539,821 (2014: £1,563,515), calculated by reference to losses of £7,699,104 (2014: £7,817,577) at the future tax rate of 20%.

6. DEBTORS

Audited 31 December 2014 As restated £		Unaudited 30 June 2015 £	Unaudited 30 June 2014 As restated £
	Due within one year:		
47,890,205	Loan to fellow subsidiary undertaking	47,562,253	38,979,964
1,396,425	Amounts owed by fellow subsidiary undertakings	1,363,681	2,138,042
174,294,144	Other debtors	179,755,235	171,469,952
65,115,722	Deferred tax	57,246,000	39,324,862
2,359	Accrued interest receivable	2,562	51,048
288,698,855		285,929,731	251,963,868
	Due after more than one year:		
1,609,520,784	Loan to fellow subsidiary undertaking	1,593,589,165	1,641,234,806

The loans to a fellow subsidiary undertaking bear fixed rates of interest between 5.12% and 7.07% and are repayable in instalments between 2005 and 2035.

Other amounts owed by group companies are non-interest bearing.

On 20 June 2014, the loan to a fellow subsidiary undertaking was part repaid to fund the cancellation of certain floating rate notes. A net repayment premium of £8,418,815 was charged to cover the net cost of cancelling the debt. An additional amount of £5,439,147 (31 December 2014: £173,541,915) has been accrued as recoverable from the fellow subsidiary undertaking to cover the potential premium which the company may be directed to pay to the holders of the class A1 notes, which were partially redeemed on 22 July 2014 (Note 10).

The amount of the loan due within one year comprises £18,237,053 (31 December 2014: £18,565,005) of interest and £29,325,200 (31 December 2014: £29,325,200) of capital.

The carrying values of debtors due within one year also represent their fair values. The fair value of the loans to group undertakings at 30 June 2015 was £1,992,615,000 (31 December 2014: £2,076,585,611), calculated by reference to the fair values of the company's financial liabilities. The carrying value of financial assets represents the company's maximum exposure to credit risk.

7. CASH AT BANK

Audited 31 December 2014 £		Unaudited 30 June 2015 £	Unaudited 30 June 2014 £
2,657,980	Unrestricted cash balances	2,744,925	2,303,300
–	Held for redemption of A1 notes (Note 9)	–	587,344,365
–	Held as collateral for derivatives (Note 8)	22,240,000	–
2,657,980	Cash at bank	24,984,925	589,647,665

8. CREDITORS: Amounts falling due within one year

Audited 31 December 2014 £		Unaudited 30 June 2015 £	Unaudited 30 June 2014 £
47,939,536	Securitised debt (Note 9)	47,612,467	641,919,830
–	Other creditors	22,240,000	–
10,800	Accruals and deferred income	7,902	7,824
47,950,336		69,860,369	641,927,654

The amount of the securitised debt due within one year comprises £18,287,267 (31 December 2014: £18,614,336) of interest and £29,325,200 (31 December 2014: £29,325,200) of capital.

On 23 June 2015, the company received £22,240,000 from Barclays Capital as cash collateral for its obligations under the B3 and C2 interest rate swaps, following the downgrade of the bank's credit rating from A to A-.

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

Audited 31 December 2014 £		Unaudited 30 June 2015 £	Unaudited 30 June 2014 £
1,609,520,787	Securitised debt	1,593,589,168	1,625,589,696
325,578,611	Derivative financial instruments	286,230,000	196,624,311
1,935,099,398		1,879,819,168	1,822,214,007

The amounts at which borrowings are stated comprise:

Audited 31 December 2014 £		Unaudited 30 June 2015 £	Unaudited 30 June 2014 £
2,354,467,421	Brought forward	1,638,845,987	2,354,467,421
(695,520,560)	Repaid in period	(14,662,599)	(94,005,840)
(18,992,983)	Amortisation of issue premium	(1,133,475)	(17,724,465)
(1,107,891)	Accrued financing expenses	(135,545)	(970,100)
1,638,845,987	Carried forward	1,622,914,368	2,241,767,016
29,325,200	Payable within one year or on demand	29,325,200	616,177,320
1,609,520,787	Payable after more than one year	1,593,589,168	1,625,589,696
1,638,845,987		1,622,914,368	2,241,767,016

The company's securitised debt was issued in tranches, with notes of classes A1, A3, A7, B, B3, C2 and D2 remaining outstanding. The class A1, A3 and B notes were issued at a premium which is being amortised to the profit and loss account on a straight-line basis over the life of the relevant notes. At 30 June 2015 £24,810,552 (31 December 2014: £25,944,027) remained unamortised.

At 30 June 2015 there were accrued financing costs of £22,627,894 (31 December 2014: £22,763,439) relating to increases in margins as described below.

The notes were secured on six properties at Canary Wharf, owned by fellow subsidiary undertakings, and the rental income stream therefrom.

The securitised debt has a face value on 30 June 2015 of £1,575,475,922 (31 December 2014: £1,590,138,521), of which £910,914,922 (31 December 2014: £925,577,521) carries fixed rates of interest between 5.95% and 6.80%. The other £664,561,000 (31 December 2014: £664,561,000) of the securitised debt carries floating rates of interest at LIBOR plus a margin. On 23 April 2014, the margin on the class C2 notes stepped up from 0.55% to 1.375% and the margin on the class D2 notes stepped up from 0.84% to 2.1%. The company uses interest rate swaps to hedge exposure to the variability in cash flows on floating rate debt caused by movements in market rates of interest. Following the step up in margins, the hedged rates of the floating notes, including the margins, are between 5.12% and 7.07%.

The market value of the securitised debt at 30 June 2015 was £1,706,385,000 (31 December 2014: £1,751,007,000). At 30 June 2015 the fair value of the interest rate derivatives resulted in the recognition of a liability of £286,230,000 (31 December 2014: £325,578,611). Of this liability, £134,690,000 was in respect of interest rate swaps which qualify for hedge accounting (31 December 2014: £154,447,659) and £151,540,000 was in respect of interest rate swaps which do not qualify for hedge accounting (31 December 2014: £171,130,952).

£58,339,000 of D2 notes were held by a fellow subsidiary undertaking until 23 April 2015 when they were re-sold to the market.

The securitisation continues to have 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. At 30 June 2015, AIG had posted £213.2 million as cash collateral in respect of this obligation.

The company also has the benefit of a £300.0 million liquidity facility provided by Lloyds Bank plc, under which drawings may be made in the event of a cash flow shortage under the securitisation.

10. PROVISION FOR LIABILITIES

On 22 July 2014 (the 'Redemption Date'), the company redeemed £577,900,000 in aggregate principal amount of the class A1 notes (the 'Redemption').

The company is of the opinion that it was entitled to partially redeem the class A1 notes in accordance with condition 5(b)(iv) and that, accordingly, the amount payable to the holders of the class A1 notes pursuant to the Redemption was the amount stipulated in condition 5(c)(ii)(A), which was £577,900,000, plus accrued interest.

The note trustee indicated to the company that it was unclear to the note trustee as to whether the Redemption should take place under condition 5(b)(iv) or condition 5(c) of the notes.

The company made an application to Court for a declaration as to whether, on a true construction of the terms and conditions of the notes and other relevant contractual documentation, the class A1 notes should have been partially redeemed under condition 5(b)(iv) or condition 5(c). The court hearing was in July 2015 and judgement in the case is anticipated by October 2015.

CW Lending II Limited ("the Borrower") agreed, without prejudice to its interpretation of the terms and conditions of the notes, to place on deposit with Deutche Bank AG, London Branch (in its capacity as an escrow agent, the 'Note Premium Escrow Agent') an amount (the 'Note Premium Escrow Amount') equal to the premium of £168,746,800 ("the Premium") together with interest at the rate of 6.455 per cent. per annum for the period from (and including) the Redemption Date to (but excluding) the next interest payment date in respect of the notes. The Note Premium Escrow Agent holds the Note Premium Escrow Amount in an account with itself (the 'The Note Premium Escrow Account'). The Note Premium Escrow Agent has agreed to release amounts standing to the credit of the Note Premium Escrow Account if and/or when:

(i) a final order is made that the Redemption should have been made under condition 5(b)(iv) or the company and the note trustee agree that the Redemption should have been made under condition 5(b)(iv), in which case the amount standing to the credit of the Note Premium Escrow Account shall be paid to the Borrower;

(ii) a final order is made that the Redemption should have been under condition 5(c) or the company and the note trustee agree that the Redemption should have been under condition 5(c), in which case an amount equal to the Premium together with accrued interest from (and including) the Redemption Date to (but excluding) the Premium Payment Date (as defined below) shall be paid to the company from the Note Premium Escrow Account for payment to the holders of the class A1 notes. If the balance of the Note Premium Escrow Account is less than any amount payable to the holders of the class A1 notes, the Borrower has agreed to pay to the company an amount equal to the difference, but if the balance of the Note Premium Escrow Account is more than any amount payable to the holders of the class A1 notes, then the surplus amount will be paid to the Borrower; and

(iii) the company and the holders of the class A1 notes (acting by an extraordinary resolution) agree on an amount payable in relation to the Redemption, in which case the amount agreed to be paid to the holders of the class A1 notes will be paid from the Note Premium Escrow Account to the company for payment to the holders of the class A1 notes and the remaining balance will be paid to the Borrower.

Upon the occurrence of any of the events specified at paragraphs (i) to (iii) above, the company has agreed, as soon as reasonably practicable after the occurrence of such event, to give notice to holders of the class A1 notes of the occurrence of such event and, where applicable, of the amount which is payable to the holders of the class A1 notes (the "Premium Payment Notice"). If an amount is required to be paid to holders of the class A1 notes, as described at paragraphs (ii) or (iii) above, the company has agreed to pay the relevant amount to the holders of the class A1 notes on the later of (i) the Redemption Date; and (ii) the date falling 10 business days after the date of the Premium Payment Notice (the 'Premium Payment Date'), with interest calculated up to, but excluding, the Premium Date (where the latter falls after the Redemption Date).

11. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 30 June 2015 and 31 December 2014 the company had given security over all its assets, including security expressed as a first fixed charge over its bank accounts, to secure the notes referred to in Note 9.