CANARY WHARF GROUP INVESTMENT HOLDINGS PLC

Registered number: 05043352

UNAUDITED INTERIM ACCOUNTS
FOR THE 6 MONTHS ENDED 30 JUNE 2022

CONTENTS

HIGHLIGHTS

Summary Performance

Income statement	Period ended 30 June 2022	Period ended 30 June 2021	Change %
Underlying operating profit(1)	**£120.5m**	£115.8m	4.1 %
Underlying profit before tax(1)	**£29.3m**	£25.9m	13.1 %
Capital and other items gains(2)	**£294.9m**	£78.4m	276.1 %
Profit after tax	**£323.4m**	£99.5m	225.0 %
Basic earnings per share	**43.7p**	13.4p	225.0 %

Balance Sheet	30 June 2022 £m	31 December 2021 £m	Change %
Portfolio carrying value(3)	**£8,340.7m**	£8,142.3m	2.4 %
Portfolio at fair value(3)	**£8,541.4m**	£8,337.8m	2.4 %
Adjusted NAV per share(4)	**577p**	562p	2.7 %
Net assets	**£4,118.4m**	£3,792.6m	8.6 %
Net loan to value ratio(5)	**47.1%**	48.7%	
Moody's corporate rating	**Baa3**	Baa3	

Operational statistics	30 June 2022	31 December 2021
Office WAULT (excluding break options)	**11.2 years**	11.5 years
Retail WAULT (excluding break options)	**5.7 years**	6.6 years
Multi let / total office occupancy	**71.0% / 93.0%**	75.1% / 94.4%
Retail occupancy	**96.8%**	97.0%
New office lettings in the period/year	**135,000**	328,201
New retail lettings in the period/year	**53,758**	87,225

Notes
1 Underlying profit before tax is defined in Note 2 and excludes 'capital and other items'.
2 Capital and other items include movement on property revaluations and the fair value of hedging instruments.
3 The carrying value of the portfolio includes adjustments for tenant incentives, deferred negotiation costs and obligations under lease liabilities. A breakdown of carrying values and fair values is shown in the property portfolio section of the Business Review.
4 Adjusted NAV is reconciled in Note 2.
5 The net loan to value ('LTV') ratio compares the aggregate of the fair value of the property portfolio and the fair value of JVs and investments against net debt excluding derivatives.

Financial performance

- The underlying profit before tax for the 6 month period to 30 June 2022 was £29.3m (6 months to 30 June 2021 – £25.9m), an increase of £3.4m or 13.1%. Underlying operating profit increased by £4.7m and underlying net financing costs increased by £1.3m.
- Capital and other items recognised in the Consolidated Income Statement for the period comprised the swap break costs incurred in the period and movements in the fair value of properties and derivative financial instruments and resulted in a gain before tax of £294.9m (6 months to 30 June 2021 – gain of £78.4m).
- The profit after tax was £323.4m (6 months to 30 June 2021 – profit of £99.5m).
- Net assets were £4,118.4m at 30 June 2022, an increase of £325.8m or 8.6% from £3,792.6m at 31 December 2021 primarily as a result of the gain attributable to capital and other items.
- Adjusted NAV per share at 30 June 2022 was 577p, an increase of 15p per share from 562p at 31 December 2021.

Portfolio valuation

- The fair value of the entire portfolio as valued by the external valuers was £8,541.4m, an increase of £203.6m (2.4%) from £8,337.8m at 31 December 2021.
- The carrying value at 30 June 2022 was £8,340.7m in comparison with £8,142.3m at 31 December 2021. Excluding the impact of capital expenditure, capitalised interest and tenant incentives, the valuation increase was £99.8m or 1.2%.
- The office portfolio fair value reduced by £229.8m from £5,589.4m to £5,359.6m at 30 June 2022, including a £456.5m transfer out of 20 Cabot Square to held for sale, £190.5m for 20 Water Street which completed in the year and an uplift of £36.3m or 0.7%.
- The retail portfolio valuation increased by £37.3m or 4.4% to £889.2m.
- The PRS, affordable and community portfolio valuation increased by £5.6m or 0.8% to £687.9m.

HIGHLIGHTS (Continued)

- After allowing for capital expenditure, the transfer to investment properties of 20 Water Street and the transfer from properties held for development on commencement of construction, the valuation of properties under construction increased by £20.1m.
- The valuation of properties held for development reduced by £5.1m in the period following the reclassifications to properties under construction referred to in the development programme pipeline progress section below.

Continued strong leasing activity and occupancy levels

- Office lettings of 135,000 sq ft and retail lettings of 53,758 sq ft were achieved in the period with a strong pipeline of 270,000 sq ft of other deals under offer.
- The weighted average office lease term at 30 June 2022 was 11.2 years or 9.2 years assuming exercise of all break options.
- The completed office portfolio was 93.0% let (31 December 2021 – 94.4%).
- New lettings are providing enhanced retail offerings on the estate, with occupancy now at 97.4% (31 December 2021 – 97.1%).
- The weighted average retail lease term at 30 June 2022 was 6.6 years to expiry or 5.2 years assuming exercise of all break options.
- The PRS leasing portfolio is now 70.0% occupied (31 December 2021 – 39.0%) with the largest building, Newfoundland (58.0% occupied) being in let up phase following completion in Q2 2021.
- Tribe Hotel at 15 Water Street opened on 1 August 2022 and will contribute revenue in the second half of 2022.

Net LTV of 47.1% and new and refinanced debt secured in the period

- £290.6m new and refinanced debt was secured during the first half of 2022 plus £82.0m within joint ventures.
- The average loan maturity for investment loans was 6.6 years with an average cost of debt of 4.4%.
- 92.0% of total debt is at fixed interest rates or hedged interest.
- There was unrestricted cash of £152.3m and £30.0m of undrawn RCF at 30 June 2022.

Development programme pipeline progress

- During the period the Group formed a joint venture with Kadans Science Partner to develop a 481,000 sq ft commercial laboratory building at North Quay, further diversifying the tenant mix on the estate. Planning submission is due in December 2022.
- At Wood Wharf Phase 3, ground works completed and the first major above grade construction packages were awarded in line with budget. Concrete superstructure works commenced in July 2022 on 3 and 15 West Lane (378 serviced apartments).
- Practical completion at the Group's office asset at 20 Water Street was achieved in June 2022.
- Practical completion was achieved at the mixed used asset at 15 Water Street in August 2022 after the period end.

Progress made against sustainability objectives

- A partnership was formed with the Eden Project on the greening of public spaces and enhancements to waterways and public realm.
- Planning approvals are in process for greening of Middle Dock, South Dock and Montgomery Square.

Notes:
For further information on the above, refer to the Business Review section.

The Group uses a number of Alternative Performance Measures 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. These items are explained and reconciled in Note 2.

A list of defined terms is provided in Definitions.

BUSINESS REVIEW

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

The Business Review 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.

This Business Review 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% investment in Canary Wharf Group plc, whose principal activity is investment in, management of and development of properties in the Canary Wharf Estate and the Wood Wharf district of Canary Wharf.

Property portfolio

The Group's investment property portfolio (completed properties) is structured into office, retail and PRS (operated under the Vertus brand).

At 30 June 2022, of the 49 total properties constructed on the Estate, the Group wholly owned 28 properties comprising 6.8m sq ft of office space, 1.0m sq ft of retail space and 0.7m sq ft of PRS. The Group also held a 50.0% joint venture interest in 2 PRS properties (8 Water Street and 10 George Street) comprising 0.4m sq ft and a 10.0% interest in a 1.0m sq ft office property.

The Group generated rental income from its investment properties as well as income from managing the Estate. Income from managing the Estate includes the properties owned by the Group listed above as well as 18 properties totalling 8.5m sq ft not owned by the Group.

	Office		Retail		PRS (excluding JVs)	
	30 June 2022	31 December 2021	**30 June 2022**	31 December 2021	**30 June 2022**	31 December 2021
Number of properties[1]	**13**	12	**16**	16	**5**	5
Total NIA (m sq ft)[1]	**7.2**	6.9	**0.9**	0.9	**0.7**	0.7
Share of portfolio[3]	**82.0%**	79.0%	**10.0%**	10.0%	**8.0%**	11.0%
Fair value of investment properties[2]	**£5,360m**	£5,589m	**£889m**	£852m	**£688m**	£682m
Rental income[4]	**£118.2m**	£240.7m	**£23.1m**	£55.2m	**£8.4m**	–
Share of portfolio	**79.0%**	81.4%	**15.4%**	18.6%	**5.6%**	–
WAULT[5]	**11.2 years**	11.5 years	**5.7 years**	6.6 years	**n/a**	n/a
Occupancy	**93.0%**	94.0%	**96.8%**	97.0%	**70.0%**	39.0%

Notes:
Data as at 30 June 2022 and 31 December 2021 unless otherwise stated
1 Excludes share of joint ventures and associates; excludes school and East Wintergarden which sit outside these categories.
2 Excludes the Group's net asset value share of joint ventures and equity investments.
3 NIA for investment properties, not including properties under construction and properties held for development.
4 31 December 2021 data relates to the year to 31 December 2021, 30 June 2022 data relates to the 6 month period to 30 June 2022.
5 Excluding break options.

BUSINESS REVIEW (Continued)

The market value of the Group's properties compared to their carrying value is presented below. The difference between the market value and carrying value relates to adjustments for lease incentives, deferred lease negotiation costs and the present value of future ground rents payable (see Note 7 for detailed reconciliation):

	30 June 2022		31 December 2021	
	Carrying value £m	**Market value in existing state £m**	Carrying value £m	Market value in existing state £m
Investment properties[(i)]:				
– Office	**5,138.4**	**5,359.6**	5,362.1	5,589.4
– Retail	**864.9**	**889.2**	826.6	851.9
– PRS, affordable and community	**688.1**	**688.0**	682.2	682.3
	6,691.4	**6,936.8**	6,870.9	7,123.6
Properties under construction[(ii)]:				
– Wood Wharf Phase 1	**131.9**	**133.0**	258.5	264.2
– Wood Wharf Phase 2	**104.0**	**93.3**	–	–
	235.9	**226.3**	258.5	264.2
Properties held for development[(iii)]:				
– Wood Wharf later phases	**441.4**	**397.4**	524.0	461.8
– North Quay	**300.0**	**300.0**	275.0	275.0
– Park Place	**40.0**	**40.0**	40.0	40.0
– 10 Bank Street	**142.6**	**142.6**	142.6	142.6
	924.0	**880.0**	981.6	919.4
Properties held as current assets[(iv)]:				
– 5/8 Harbord Square	**32.9**	**30.1**	31.3	30.6
Assets held for sale[(iv)]	**456.5**	**468.2**	–	–
	8,340.7	**8,541.4**	8,142.3	8,337.8

The relative percentage of the Group's overall property fair value is as follows:

	30 June 2022 %	31 December 2021 %
Investment properties	**81.2**	85.4
Properties under construction	**2.6**	3.2
Properties held for development	**10.3**	11.0
Properties for sale held at cost	**0.4**	0.4
Assets held for sale	**5.5**	0.0
	100.0	100.0

Note:
The carrying value represents market value less an adjustment for lease incentives and deferred lease negotiation costs plus an adjustment for the liability under the Wood Wharf 250 year lease, comprising:

(i) Investment properties: Tenant incentives and deferred lease negotiation costs adjustment at 30 June 2022 of £250.7m (31 December 2021 – £252.7m). Wood Wharf lease adjustment of £5.3m.
(ii) Properties under construction: Tenant incentives and deferred lease negotiation costs adjustment at 30 June 2022 of £3.3m (31 December 2021 – £5.7m). Wood Wharf lease adjustment of £12.9m.
(iii) Properties held for development: Wood Wharf lease adjustment of £44.0m (31 December 2021 – £62.2m).
(iv) Assets held for sale: Tenant incentives and deferred lease negotiation costs adjustment at 30 June 2022 of £11.7m.

The carrying value is in line with the external valuation of the portfolio subject to the adjustment required to gross up the carrying value of the Wood Wharf site which is held under a 250 year lease from CRT.

BUSINESS REVIEW (Continued)

At 30 June 2022, the yields derived from the market valuation of the investment properties can be summarised as follows:

	30 June 2022 %	31 December 2021 %
Office portfolio:		
Weighted average initial yield	**3.5**	3.6
Weighted average equivalent yield	**4.7**	4.8
Retail portfolio:		
Weighted average initial yield	**5.1**	5.4
Weighted average equivalent yield	**6.0**	6.1

At 30 June 2022, the Group was in negotiations to sell its 100% ownership of 20 Cabot Square and therefore the asset has been reclassified from investment properties to assets held for sale at fair value (Note 9). The asset under construction at 20 Water Street (Wood Wharf) reached practical completion during the period and was transferred to investment properties at its carrying value at that date of £190.5m.

Excluding the impact of these transfers and after allowing for capital expenditure and adjustments in respect of tenant incentives the carrying value of the investment portfolio increased by £99.8m or 1.2%. The office portfolio increased by £34.1m or 0.6% and the retail portfolio by £34.7m or 4.0% which was primarily caused by ERV increases as equivalent yields remained broadly flat.

Properties under construction were valued in aggregate at £226.3m at 30 June 2022 (31 December 2021 – £264.2m). This included the transfer out of 20 Water Street at £190.5m and the transfer in of 1 and 8 Union Square from properties held for development totalling £103.5m. The movement included capital additions of £33.9m, capitalised interest of £3.2m, movement in associated lease incentives and negotiation costs of £3.3m and a revaluation gain of £20.1m.

The property held as a current asset relates to a private for sale (PFS) building at 5/8 Harbord Square which will comprise 82 loft style apartments. Completion is expected in early 2024.

In total the carrying value of the portfolio, net of capital expenditure and the accounting adjustments required to tenant incentives and deferred negotiation costs increased by £99.8m in the period.

Office

Office lettings (including lease renewals) have been positive in the first half of 2022 with 135,000 sq ft of lettings signed at an average rent of £50.50 per sq ft and at an average term of 5.9 years (to expiry). A further 270,000 sq ft under offer at 30 June 2022.

In February 2022 the Group launched MadeFor, a premium fully fitted and managed office space designed to meet the demands of flexible workforces. Citi is MadeFor’s first customer and has taken 95,000 sq ft at 40 Bank Street while Citi Tower, its UK and EMEA headquarters, at 25 Canada Square, is being refurbished. MadeFor space is available in selected properties across the portfolio.

As part of the drive to develop a major life sciences cluster on the Estate, Genomics England will move its headquarters to the Estate later in 2022 following an 18,000 sq ft letting at One Canada Square. Further, the Group announced in March 2022 the formation of a joint venture with Kadans Science Partner to develop a 481,000 sq ft commercial laboratory building at North Quay, the largest in Europe (see developments below).

Occupancy across the office properties on 30 June 2022 was 93.0%, compared to 94.4% at 31 December 2021 of which 71.0% (31 December 2021 – 75.0%) was in multi let buildings. The weighted average unexpired lease term for the office properties at 30 June 2022 was 11.2 years (9.2 years taking account of break options) compared to 11.5 years (9.5 taking account of break options) at 31 December 2021.

The Group’s office properties are let on leases to reliable covenants and therefore provide an income stream which is considered secure notwithstanding the current economic challenges as set out above.

BUSINESS REVIEW (Continued)

Retail

Despite the current economic uncertainty and associated pressures on consumer spending, the retail market has shown signs of recovery in the first half of 2022 as the UK has removed all COVID–19 restrictions.

During this period, the Group have exchanged 17 new lettings totalling 53,931 sq ft at an average base rent of £48 psf and at an average term of 10.5 years to expiry. The Group have renewed 8 leases totalling 199,421 sq ft at an average base rent of £29 psf at an average term of 9.6 years (to expiry) and completed 2 temporary lettings totalling 6,011 sq ft at an average base rent of £62 psf at an average term of 0.5 years (to expiry). The weighted average unexpired lease term for the retail properties at 30 June 2022 was 5.7 years (4.8 years taking account of break options) compared to 6.6 years (5.2 year's taking account of break options) at 31 December 2021.

Lettings exchanged in the period have continued to enhance the retail diversity on the Estate by adding new offers and experiences. These include included Malin and Goetz, Padel Sports and Kapital Karts, an electric go kart track which was converted from part of the Estate's public car parks and new restaurants Mercato and Caravan.

During the period, the Group had one CVA. The unit has already been relet ahead of the previous base rent.

Rent collection has continued to improve. The Group has collected 92.0% and 90.3% of Q2 2022 and Q1 2022 rent respectively with negligible rent concessions being granted compared with 63.1% and 56.2% for Q2 2021 and Q1 2021. Despite the recent high collection rates the Group has written off £1.0m of debt due to tenants entering liquidation and made an additional provision of £3.0m against uncollected rents where there is doubt over the recoverability.

Occupancy across the retail malls is 96.8%, with there being only 9 empty units, 3 of which are under offer and one had exchanged at the date of these financial statements.

PRS, affordable and community

The residential leasing market across London remains strong with stock levels remaining low and consistent applicant demand. Strong demand has helped the Group keep concessions and incentives lower than expected.

Occupancy across the Vertus buildings (including Newfoundland as well as the joint ventures at 10 George Street and 8 Water Street) is 68.0% at 30 June 2022 compared to 55.0% at 31 December 2021, with the increase in occupancy reflecting the lease up of these properties. The lease up of 8 Water Street is now complete and the Group expects the lease up of the other 2 Vertus properties to be complete by early 2023.

Developments

Wood Wharf Phase 3

Occupying prominent waterside positions, the 4 buildings are expected to provide approximately 1.2m 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. In the first half of 2022, ground works completed and construction of the frame has now commenced.

5/8 Harbord Square

This is a PFS building comprising 82 loft style apartments. The building has topped out with fit out works now commenced and an anticipated completion date in early 2024.

One Charter Street (50% joint venture with Edyn)

Construction of the aparthotel is ongoing with sub and superstructure concrete complete. 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 currently retendering the modular and fit out contacts with the aim of completing the development in 2024.

Wood Wharf Phase 2

This phase consists of 6 buildings with a total area of approximately 606,000 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 building construction commencement.

Future development

Park Place

A revised planning application was submitted in October 2021 consisting of 624 unit residential tower (454 private) to replace the current 660,000 sq ft office planning consent.

BUSINESS REVIEW (Continued)

North Quay

The development site has been granted outline planning consent for almost 2.5m sq ft scheme with flexibility across a range of uses including office, residential, hotel or serviced apartments, co living space and retail. During the period the Group formed a joint venture with Kadans Science Partner to develop a 481,000 sq ft commercial laboratory building at North Quay, further diversifying the tenant mix on the estate. Planning submission is due in December 2022.

The below table summarises the future development pipeline on the Estate (excluding sites currently under development):

	NIA m sq ft
Based on existing and/or proposed consents:	
– North Quay	2.5
– Park Place	0.6
– 10 Bank Street	0.8
– Other[(i)]	3.0
	6.9

Note:
(i) Other includes sites at 7 Charter Street, 8 Union Square, 1 Brannan Street, 7 Brannan Street, and 4 Charter Street at Wood Wharf.

Going concern

The interim financial statements are prepared on a going concern basis. The balance sheet shows the Group is in a net current asset position of £189.6m, including £218.6m of cash that is held as collateral for borrowings or security against other obligations. There are a number of uncertainties during the going concern forecast period including refinancing of certain debt facilities, the sale of 20 Cabot Square and financing of development activity at Wood Wharf.

Given the refinancing of the loans and the sale of 20 Cabot Square are not yet committed and the committed future expenditure at Wood Wharf phase 3, the Group's ultimate shareholders, Brookfield and QIA, have confirmed that they intend to provide financial support to enable the Group to meet its liabilities if required for a period of at least 12 months from the date of approving these unaudited interim financial statements.

For more information see Note 1.

FINANCIAL REVIEW

The following review of the Group's operating results relates to the period ended 30 June 2022. The comparatives relate to the period ended 30 June 2021. Unless otherwise stated, references to 2022 and 2021 are for the 6 months ended 30 June 2022 and 30 June 2021 respectively.

	Period ended 30 June 2022	Period ended 30 June 2021
Underlying profit for the period before tax	**£29.3m**	£25.9m
Profit for the period after tax	**£323.4m**	£99.5m
Earnings per share	**43.7p**	13.4p

	30 June 2022	31 December 2021
Net assets	**£4,118.4m**	£3,792.6m
Fair value of property portfolio	**£8,541.4m**	£8,337.8m
Net assets per share	**556p**	512p
Adjusted NAV per share	**577p**	562p
Net LTV	**47.1%**	48.7%
Weighted average interest rate	**4.4%**	4.1%

Overview

	Period ended 30 June 2022 £m	Period ended 30 June 2021 £m
Gross development, rental and related income	**220.5**	204.3
Cost of sales	**(80.7)**	(65.7)
Net development, rental and related income	**139.8**	138.6
Share of profit of associated and joint ventures	**2.2**	0.3
Administrative expenses	**(25.8)**	(26.1)
Other income	**4.3**	3.0
Net financing costs	**(91.2)**	(89.9)
Underlying profit	**29.3**	25.9

Underlying profit increased by £3.4m (13.1%), significant movements included the commencement of residential rent of £8.4m offset by a £3.0m charge for provisions doubtful debtors, a £1.0m write off of debt due to tenants entering liquidation, a decrease of £6.8m in lease incentives and a reduction of the deficit on property management of £2.8m. Rents receivable of £134.4m increased by £2.6m due to rent commencement of certain office tenants in One Canada Square and the impact in 2021 of retail rent concessions.

Profit for the period after tax was £323.4m, an increase of £223.9m from the prior period. The significant increase arises from a £99.8m valuation increase of the Group's property portfolio and a £204.1m valuation gain on derivatives. Earnings per share increased by 225.0% to 43.7p for the period.

The valuation increase of 2.4% in the Group's property portfolio contributed to the 8.6% increase net assets per share from 512p to 556p. Adjusted NAV per share increased 15p (2.7%) from 562p to 577p.

The Group secured £108.5m of financing from 2 new loans during the period, a £59.3m investment loan secured against the affordable properties in Wood Wharf and a £49.2m construction facility for 8 Harbord Square. In May 2022, the Group agreed the extension of the £182.1m HCA infrastructure loan from September 2023 to March 2028. A further £82.0m of debt was refinanced including debt with joint ventures.

Net LTV has decreased during the period to 47.1% due to the increase in unrestricted cash and increases in property valuations. Weighted average interest rate remains relatively stable at 4.4% compared to 4.1% for the prior period.

In July 2022, Moody's issued an update to the credit rating of our Senior Secured Green Notes which remained unchanged at Baa3. The Fitch rating is unchanged from BB+.

FINANCIAL REVIEW (Continued)

Net development, rental and related income

Year ended 31 December 2021 £m		Period ended 30 June 2022 £m	Period ended 30 June 2021 £m
271.7	Rent receivable	**134.4**	131.8
24.2	Recognised incentives and committed rent increases	**6.9**	13.4
295.9		**141.3**	145.2
95.6	Service charge income	**47.4**	46.6
21.6	Other recoveries from tenants	**14.7**	9.8
3.4	Residential rent	**8.4**	–
3.2	Termination of leases	**8.7**	2.7
419.7	**Gross development, rental and related income**	**220.5**	204.3
(136.1)	Service charge and other direct property expenses	**(68.1)**	(65.2)
(5.6)	Residential cost of sales	**(4.8)**	–
(1.3)	Payments on termination of leases	**(7.8)**	(0.5)
276.7	**Net development, rental and related income**	**139.8**	138.6

Revenue is generated primarily by the rents and service charges earned by the Group from its property interests on the Estate. Total revenue for 2022 was £220.5m, compared with £204.3m for 2021.

Rental income after adjustments required to spread lease incentives and committed rent increases of £6.9m (2021 – £13.4m) decreased from £145.2m to £141.3m. The overall reduction included the surrender for £0.8m in the current period of the Quay Club lease as a result of the agreed tenant for the building being unable to meet its commitments under the terms of the lease. Accordingly, the reversal of income recognised during the rent free period resulted in the recognition of a cost of £3.1m compared to income of £1.1m in 2021. Office rental income decreased by £1.6m to £118.2m in 2022 reflecting the 1.0% reduction in occupancy. Retail rental income decreased by £2.3m to £23.1m in 2022 primarily due to adjustments to the income recognised in respect of the Quay Club.

Service charge income increased from £46.6m for 2021 to £47.4m for 2022. Other tenant recoveries increased from £9.8m for 2021 to £14.7m for 2022 and included insurance, the provision of tenant specific services outside the standard service charge, income from event space, energy services and fees recognised on the provision of development and construction management services . The provision of tenant services and energy services increased, reflecting the increased physical occupancy of the Estate. The Group received £8.4m of residential rent for 2022 (2021 – £nil) from its rental properties at Newfoundland, 40 & 50 Harbord Square and 65 Harbord Square which opened in the second half of 2021. In 2022, the Group also received £8.7m (2021 – £2.7m) from surrender premiums and dilapidations.

Cost of sales includes rents payable, property management costs, including refurbishment and repair costs, and movements on provisions for certain lease commitments. Rents payable and property management costs were £68.1m for 2022 in comparison with £65.2m for 2021 reflecting the increased provision of tenant services and energy services. Taking into account service charge and other tenant recoveries totalling £62.1m for 2022 (2021 – £56.4m), a deficit was recorded on property management of £6.0m (2021 – £8.8m). Costs of sales also included £7.8m (2021 – £0.5m) in connection with lease terminations in the period and incurred operating costs associated with residential lettings of £4.8m.

Overall, net development, rental and related income for 2022 was £139.8m, an increase decrease of £1.2m compared with 2021 due to the above described factors.

Share of joint ventures and associates

Share of joint ventures and associates after tax relates to the Group's 50.0% joint venture interests in 2 PRS properties (10 George Street and 8 Water Street) and the development of an Aparthotel at One Charter Street. The Group's share of operating profits increased £1.9m in the period to £2.2m due to the ongoing lease up of the properties and its share of revaluation deficit was £1.4m (2021 – gain of £1.0m), resulting in a profit for the period before interest of £0.8m (2021 – £1.3m). After net interest payable of £2.2m (2021 – £2.2m) the Group's share of the overall loss for the period was £1.4m (2021 – £0.9m),

FINANCE REVIEW (Continued)

Revaluation of investments

The revaluation loss of £3.8m (2021 – £1.7m) relates to the reduction in the carrying value of the Group's 10.0% interest in 10 Upper Bank Street.

Administrative expenses

Administrative expenses for 2022 were £25.8m, broadly in line with the expenses for the same period in 2021 of £26.1m.

Other income

Other income was £4.3m in 2022 (2021 – £3.0m). The increase was primarily due to COVID related insurance claims in the period.

Valuation movements

A net revaluation gain of £99.8m (Note 4) was recognised in 2022 compared with a £24.3m deficit in 2021. Please refer to Business Review – Valuations for further details.

Total operating profit for 2022 was £215.1m, compared with £90.8m in 2021. The change in operating profit was mainly attributable to property revaluation movements.

Net financing costs

Year ended 31 December 2021 £m		**Period ended 30 June 2022 £m**	Period ended 30 June 2021 £m
	Interest revenue		
0.1	Deposits, other loans and securities	**0.1**	–
	Interest expense		
(82.7)	Notes and debentures	**(40.5)**	(41.5)
(22.5)	Green Bonds	**(15.2)**	(7.0)
(22.1)	Construction loan interest	**(11.7)**	(11.2)
(62.6)	Other bank loans, overdrafts and other interest payable	**(30.4)**	(35.8)
(6.1)	Obligations under long term property lease	**(3.0)**	(3.0)
(4.3)	Accelerated amortisation of deferred financing costs	**–**	(5.2)
(200.3)		**(100.8)**	(103.7)
26.4	Interest transferred to properties under construction	**11.7**	16.0
(4.1)	Associated undertakings net interest payable	**(2.2)**	(2.2)
(178.0)	**Total underlying interest expense**	**(91.3)**	(89.9)
(177.9)	**Underlying net financing costs**	**(91.2)**	(89.9)
	Other financing income/(costs)		
149.0	Valuation movements on fair value of derivatives	**204.1**	110.4
(3.2)	Swap break costs	**(1.4)**	(4.4)
(5.0)	Hedging reserve recycling	**(2.4)**	(2.6)
140.8		**200.3**	103.4
(37.1)	**Net financing income/(costs)**	**109.1**	13.5

Underlying net financing costs (Note 5) for 2022 was £91.2m compared with £89.9m for 2021. Underlying net financing costs are stated net of £11.7m of interest which has been capitalised and transferred to certain development properties (2021 – £16.0m). 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 decrease in capitalised interest is primarily driven by the completion of 20 Water Street.

FINANCE REVIEW (Continued)

Excluding capitalised interest and share of associates interest, the Group's interest payable was £100.8m for 2022, in comparison with £103.7m for 2021. 2021 included the accelerated amortisation of deferred finance costs totalling £5.2m following the refinancing of the loans secured against 7 and 15 Westferry Circus and the Group's retail loan portfolio together with the cancellation of the shareholder loan. Interest on the Green Bonds of £15.2m increased by £8.2m compared to the prior period as the bonds were issued in April 2021.

Financing income classified as capital and other items was £200.3m for 2022, £96.9m higher than the prior period. The 2022 gain included £204.1m (2021 – £110.4m) on the movement in the fair value of derivative financial instruments, a £1.4m (2021 – £4.4m) cost of breaking currency swaps and £2.4m (2021 – £2.6m) hedge reserve recycling.

Taxation

The tax charge for the period of £0.8m (2021 – £4.8m) comprised a corporation tax charge of £1.4m (2021 – £1.4m) and a deferred tax credit of £0.6m (2021 – charge of £3.4m). The tax payable position reduced by £10.8m as a result of tax payments of £12.2m in the period. The tax position of the Group is further disclosed in Note 6.

Earnings per share

The basic and diluted earnings per share (Note 2) for 2022 was 43.7p (2021 – 13.4p). There were no adjustments required in respect of dilutive instruments in any of the periods under review.

Financing

	30 June 2022	31 December 2021
Securitised debt	**£1,578.0m**	£1,733.1m
Green Bonds	**£900.2m**	£898.6m
Other secured loans	**£2,255.4m**	£2,231.5m
Gross debt	**£4,733.6m**	£4,863.2m
Net debt (see Note 16)	**£4,362.7m**	£4,619.8m
Net LTV	**47.1%**	48.7%
Secured debt as % of total debt	**81.0%**	81.5%
Weighted average maturity	**5.9 years**	6.3 years
Weighted average cost of debt	**4.4%**	4.1%
Fixed and capped debt	**80.0%**	82.0%

The Group's gross debt at 30 June 2022 of £4,733.6m had reduced by £129.6m compared to 31 December 2021. The reduction was predominantly due to the net impact of £99.5m of drawdowns on new construction loans offset by £27.9m of loan repayments and a fair value gain on derivatives of £204.1m.

The Group signed £290.5m of new and refinanced debt during the first half of 2022 and £82.0 of refinanced debt within joint ventures, comprising:

- Affordable/Intermediate Affordable (June 2022) – New £59.3m 5 year secured investment loan
- 5/8 Harbord Square (April 2022) – New £49.2m secured development loan maturing in July 2025. £16.1m has been drawn on this facility at 30 June 2022.
- HCA Infrastructure Loan (May 2022) – Restructured the repayment term on the infrastructure loan, extending the repayment date from September 2023 to March 2028. The facility was reduced from £200.0m to £182.1m.
- 8 Water Street (50% joint venture) – In May 2022, a new £82.0m 5 year secured investment loan facility replacing £51.3m development loan which matured in May 2022.

The Group has access to considerable financial resources and at 30 June 2022 the Group had cash totalling £370.9m of which £152.3m was unrestricted and £30.0m was available to be drawn under the Group's RCF.

Key performance indicators

Net assets in the Group's Consolidated Balance Sheet were £4,118.4m at 30 June 2022 in comparison with £3,792.6m at 31 December 2021. The increase in net assets over the period of £325.8m was primarily attributable to the profit after tax of £323.4m which includes valuation gains on the property portfolio of £99.8m and on derivative financial instruments of £204.1m.

FINANCE REVIEW (Continued)

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

Adjusted NAV per share excludes deferred tax, fair value adjustments on derivatives, the capital contributions and dividends paid as set out below.

Adjusting for capital contributions totalling £153.0m and the cumulative dividends paid since the Group became a REIT of £24.3m, adjusted NAV at 30 June 2022 was £4,274.1m or £5.77 per share in comparison with £4,162.6m or £5.62 per share at 31 December 2021, an increase of 15p per share or 2.7%.

The calculation of adjusted NAV per share is set out in Note 2. Adjusted NNNAV per share is set out in the following table:

	Note	**30 June 2022 £m**	31 December 2021 £m
Adjusted net assets	(i)	**4,274.1**	4,162.6
Fair value adjustment in respect of financial assets and liabilities net of tax thereon	(ii)	**(262.1)**	(708.0)
Deferred tax	(iii)	**(6.8)**	(7.4)
Adjusted NNNAV		**4,005.2**	3,447.2
Adjusted NAV per share	(i)	**5.77p**	5.62p
Adjusted NNNAV per share	(iv)	**5.41p**	4.66p

Note:
(i) Refer to Note 2.
(ii) Comprises the mark to market of derivatives in Note 2 and the difference between the fair value and book value of debt disclosed in Note 15.
(iii) Refer to Note 6.
(iv) Calculation based on 740.4m Ordinary Shares in issue at each balance sheet date.

Cash flow

The net cash inflow from operating activities for the 6 month period to 30 June 2022 was £149.8m in comparison with an outflow of £47.9m for period to 30 June 2021. The inflow for 2022 was stated after positive adjustments for working capital of £139.3m (2021 – £44.3m negative), including payment from CWGRL totalling £89.1m. In 2022, corporation tax payments of £12.2m were made compared with £6.8m in 2021.

Cash flows from investing activities resulted in a cash outflow of £85.1m for 2022 compared with £75.2m for 2021. The cash outflow for 2022 included £86.9m of development expenditure on the Group's property portfolio (2021 – £86.3m).

The net cash inflow from financing activities for 2022 was £65.1m, compared with £63.4m for 2021. The net cash inflow for 2022 included £40.2m drawn down under the Group's construction loan facilities (2021 – £44.0m) and £59.3m from the investment loan secured on the Wood Wharf affordable buildings. Scheduled loan repayments totalled £27.9m.

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Justin Turner
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Justin Turner
Secretary

Canary Wharf Group Investment Holdings plc
Registered number: 05043352

26 August 2022

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
for the period ended 30 June 2022

Audited Year ended 31 December 2021					**Unaudited Period ended 30 June 2022**			Unaudited Period ended 30 June 2021		
Underlying* £m	Capital and other £m	Total £m		Note	**Underlying* £m**	**Capital and other £m**	**Total £m**	Underlying* £m	Capital and other £m	Total £m
419.7	–	419.7	Gross development, rental and related income	3	**220.5**	**–**	**220.5**	204.3	–	204.3
(143.0)	–	(143.0)	Cost of sales		**(80.7)**	**–**	**(80.7)**	(65.7)	–	(65.7)
276.7	–	276.7	**Net development, rental and related income**	3	**139.8**	**–**	**139.8**	138.6	–	138.6
0.3	8.2	8.5	Share of profit/(loss) of associates and joint ventures after tax		**2.2**	**(1.4)**	**0.8**	0.3	1.0	1.3
–	(2.2)	(2.2)	Revaluation of investments		**–**	**(3.8)**	**(3.8)**	–	(1.7)	(1.7)
(55.6)	–	(55.6)	Administrative expenses		**(25.8)**	**–**	**(25.8)**	(26.1)	–	(26.1)
8.4	–	8.4	Other income		**4.3**	**–**	**4.3**	3.0	–	3.0
–	(93.5)	(93.5)	Net revaluation movements	4	**–**	**99.8**	**99.8**	–	(24.3)	(24.3)
229.8	(87.5)	142.3	**Operating profit/(loss)**		**120.5**	**94.6**	**215.1**	115.8	(25.0)	90.8
			Net financing costs							
0.1	–	0.1	– investment revenues	5	**0.1**	**–**	**0.1**	–	–	–
(178.0)	140.8	(37.2)	– financing (costs)/gains	5	**(91.3)**	**200.3**	**109.0**	(89.9)	103.4	13.5
51.9	53.3	105.2	**Profit for the period before tax**		**29.3**	**294.9**	**324.2**	25.9	78.4	104.3
		(22.6)	Tax	6			**(1.4)**			(4.8)
		11.1	Deferred tax				**0.6**			
		93.7	**Profit for the period after tax**				**323.4**			99.5
			Earnings per share							
		12.7p	– basic and diluted	2			**43.7p**			13.4p

*As defined in Note 2.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2022

Audited Year ended 31 December 2021 £m		**Unaudited Period ended 30 June 2022 £m**	Unaudited Period ended 30 June 2021 £m
93.7	Profit after tax	**323.4**	99.5
	Items that may be reclassified subsequently to profit or loss:		
	Cash flow hedges:		
2.3	Gains/(losses) arising on effective hedges	**6.2**	(4.8)
4.3	Foreign exchange (losses)/gains on hedged instruments	**(6.2)**	(1.0)
5.0	Transferred from equity	**2.4**	2.6
11.6	Other comprehensive income/(expense) for the period	**2.4**	(3.2)
105.3	**Total comprehensive income for the period**	**325.8**	96.3

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2022

	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 2022	1,195.1	2.5	59.5	**1,257.1**	(41.6)	2,503.1	74.0	**3,792.6**
Profit for the period ended 30 June 2022	–	–	–	**–**	–	323.4	–	**323.4**
Net income recognised	–	–	–	**–**	–	323.4	–	**323.4**
Cash flow hedges:								
Gains arising on effective hedges	–	–	–	**–**	6.2	–	–	**6.2**
Foreign exchange loss on hedged instruments	–	–	–	**–**	(6.2)	–	–	**(6.2)**
Transferred to income	–	–	–	**–**	2.4	–	–	**2.4**
Total comprehensive income for the period	–	–	–	**–**	2.4	323.4	–	**325.8**
30 June 2022	**1,195.1**	**2.5**	**59.5**	**1,257.1**	**(39.2)**	**2,826.5**	**74.0**	**4,118.4**

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 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 2021	1,195.1	2.5	59.5	**1,257.1**	(53.2)	2,413.1	74.0	**3,691.0**
Loss for the period ended 30 June 2021	–	–	–	**–**	–	99.5	–	**99.5**
Net income recognised	–	–	–	**–**	–	99.5	–	**99.5**
Cash flow hedges:								
Losses arising on effective hedges	–	–	–	**–**	(4.8)	–	–	**(4.8)**
Foreign exchange loss on hedged instruments	–	–	–	**–**	(1.0)	–	–	**(1.0)**
Transferred to income	–	–	–	**–**	2.6	–	–	**2.6**
Total comprehensive income for the period	–	–	–	**–**	(3.2)	99.5	–	**96.3**
30 June 2021	**1,195.1**	**2.5**	**59.5**	**1,257.1**	**(56.4)**	**2,512.6**	**74.0**	**3,787.3**

AUDITED CONDENSED 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 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 expense recognised	–	–	–	**–**	–	93.7	–	**93.7**
Cash flow hedges:								
Gains arising on effective hedges	–	–	–	**–**	2.3	–	–	**2.3**
Foreign exchange gain 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**

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
at 30 June 2022

	Note	**Unaudited 30 June 2022 £m**	Audited 31 December 2021 £m
Assets:			
Non current assets			
Investment properties	7	**6,691.4**	6,870.9
Properties under construction	7	**235.9**	258.5
Development properties	7	**924.0**	981.6
Plant and equipment	7	**6.6**	8.9
		7,857.9	8,119.9
Other non current assets			
Investments	8	**126.7**	131.9
Tenant incentives and other non current assets	7	**254.0**	258.4
		8,238.6	8,510.2
Current assets			
Properties for sale held at cost	7	**32.9**	31.3
Asset held for sale	9	**468.2**	–
Trade and other receivables	10	**168.6**	230.0
Monetary deposits	11	**–**	2.3
Cash and cash equivalents	11	**370.9**	241.1
		1,040.6	504.7
Total assets		**9,279.2**	9,014.9
Liabilities:			
Current liabilities			
Current portion of long term borrowings	13	**(494.7)**	(387.4)
Corporation tax	12	**(35.8)**	(46.6)
Trade and other payables	12	**(320.5)**	(241.0)
		(851.0)	(675.0)
Non current liabilities			
Borrowings	14	**(3,961.3)**	(3,984.5)
Derivative financial instruments	15	**(277.6)**	(491.3)
Other non current liabilities	17	**(62.2)**	(62.2)
Deferred tax liabilities	6	**(6.8)**	(7.4)
Provisions		**(1.9)**	(1.9)
		(4,309.8)	(4,547.3)
Total liabilities		**(5,160.8)**	(5,222.3)
Net assets		**4,118.4**	3,792.6
Equity			
Share capital		**74.0**	74.0
Hedging reserve		**(39.2)**	(41.6)
Other reserves		**1,257.1**	1,257.1
Retained earnings		**2,826.5**	2,503.1
Total equity attributable to members of the Company		**4,118.4**	3,792.6

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

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Shoaib Z Khan
Chief Executive Officer

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the period ended 30 June 2022

Audited Year ended 31 December 2021 £m		Note	**Unaudited 6 months ended 30 June 2022 £m**	Unaudited 6 months ended 30 June 2021 £m
133.7	**Cash from operating activities (before interest)**	18	**242.5**	52.1
(193.9)	Interest paid		**(92.8)**	(100.0)
0.1	Interest received		**0.1**	–
(60.1)	**Net cash inflow/(outflow) from operating activities**		**149.8**	(47.9)
	Cash flows from investing activities			
(122.4)	Development expenditure		**(86.9)**	(86.3)
–	Disposal of property		**–**	16.0
(5.1)	Purchase of plant and equipment		**(0.5)**	(1.9)
(12.2)	Investment in associated undertakings		**–**	(3.0)
–	Release of monetary deposit		**2.3**	–
(139.7)	**Net cash outflow from investing activities**		**(85.1)**	(75.2)
	Cash flows from financing activities			
(29.3)	Redemption of securitised debt		**(14.7)**	(14.7)
(844.5)	Repayment of secured loans		**(13.2)**	(838.3)
(26.1)	Repayment of loan notes		**–**	–
–	Draw down of secured loans		**59.3**	–
70.4	Draw down of construction loans		**40.2**	44.0
906.3	Draw down of Green Bonds		**–**	906.3
(6.1)	Payment of lease liabilities		**(3.0)**	(3.0)
(12.6)	Repayment of construction loans		**–**	(12.7)
(3.2)	Swap break costs		**(1.4)**	(4.4)
(13.8)	New loan fees		**(2.1)**	(13.8)
(3.7)	Dividends paid		**–**	–
(37.4)	**Net cash inflow/(outflow) from financing activities**		**65.1**	63.4
(162.4)	Net movement in cash and cash equivalents		**129.8**	(59.7)
403.5	Cash and cash equivalents at start of period		**241.1**	403.5
241.1	**Cash and cash equivalents at end of period**	11	**370.9**	343.8

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The financial information contained in this interim report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2021 was derived from the statutory accounts for the year ended 31 December 2021, a copy of which has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

At 30 June 2022, a number of standards, amendments to standards and interpretations have been issued by the IASB but are not effective for these financial statements.

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.

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 going concern status. The going concern review period covers the period of 12 months from 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 within the financial statements for the year ended 31 December 2021. The Strategic Report for 31 December 2021 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, considering the increase in inflation and interest rate seen in the first half of 2022.

An update on the Group's activities for the period to 30 June 2022 is included in the Business Review and Finance Review on pages 3 to 12 of these financial statements. Details of the Group's liquidity position and borrowing facilities are set out in Note 16.

The Group has an annual business plan process which entails production of a 5 year business plan which was approved in the September 2021 Board meeting with an update conducted and approved at the June 2022 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 11.2 years or 9.5 years, assuming the exercise of all break options and, at 30 June 2022, the occupancy level in the Group's office portfolio was 93.0% and retail portfolio was 96.8%. At 30 June 2022 the average maturity of the Group's loans was 5.9 years. These leases support the income cash flow forecasts over the going concern period.

In addition, at 30 June 2022, the Group had cash totalling £370.9m of which £152.3m was unrestricted. In addition, £30.0m is available to be drawn under the Group's revolving credit facility, which expires in April 2024.

At 30 June 2022, the Group is in a net current assets position of £189.6m. Included in current liabilities are the following loans which mature within 12 months of the approval of these financial statements:

- The £348.0m Newfoundland construction loan of which £308.5m had been drawn at 30 June 2022. The facility expires in December 2022;
- The £186.0m construction loan which part funded the buildings at 15 Water Street and 20 Water Street of which £114.9m had been drawn at 30 June 2022. The facility expires in March 2023.

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 based on the valuations and drawn facilities at 30 June 2022. At the date of these interim financial statements, discussions with potential lenders over the terms of a refinancing of Newfoundland are ongoing and expected to commence shortly in respect of the Water Street construction loan. In addition, these loans are secured on the respective assets and have no recourse to the Group.

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

Also included in net current assets is an asset held for sale of £468.2m. At 30 June 2022, the Group was in negotiations to sell its 100% ownership of 20 Cabot Square with exchange and completion expected within the next 12 months, although the exact timing remains uncertain. In the event of a sale, the Group would be required to make repayments under the terms of the securitised debt agreement and therefore expects net proceeds of approximately £175.0m. Interest savings as a result of the lower debt position would result after sale.

At the date of this report the Group is continuing to develop Wood Wharf phase 3 and had committed to future expenditure in relation to certain aspects of this development of £160.4m. The Group does not currently have construction facilities for this development other than for the infrastructure works and is in the process of determining the funding structure for the development including any additional equity that may be required from the shareholders.

Given the refinancing of the loans and the sale of 20 Cabot Square are not yet committed and the committed future expenditure at Wood Wharf phase 3, the Group's ultimate shareholders, Brookfield and QIA, have confirmed that they intend to provide financial support to enable the Group to meet its liabilities if required for a period of at least 12 months from the date of approving these unaudited interim financial statements.

Having made the requisite enquiries and having considered the financial support from the Group's ultimate shareholders, the directors have a reasonable expectation that the Group have adequate resources to continue their operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2. PERFORMANCE MEASURES

Basic earnings and losses per share:

Year ended 31 December 2021			**Period ended 30 June 2022**		Period ended 30 June 2021	
Earnings £m	Per share p		**Earnings £m**	**Per share p**	Earnings £m	Per share p
51.9	7.0	Underlying profit for the year before tax	**29.3**	**4.0**	25.9	3.5
53.3	7.2	Capital and other items	**294.9**	**39.8**	78.4	10.5
(11.5)	(1.5)	Tax	**(0.8)**	**(0.1)**	(4.8)	(0.6)
93.7	12.7	Profit after tax attributable to members of the Company	**323.4**	**43.7**	99.5	13.4

As shown in the Consolidated Income Statement, underlying profit exclude movements on property revaluations, the fair value of ineffective hedging instruments and other derivatives and tax.

Earnings per share has been calculated by reference to the profits and losses attributable to the weighted average number of shares in the current period and in both of the comparative periods.

Adjusted NAV is calculated as follows:

	30 June 2022 £m	31 December 2021 £m
Balance sheet net assets	**4,118.4**	3,792.6
Adjustment for: deferred tax	**6.8**	7.4
Mark to market of derivatives	**277.6**	491.3
	4,402.8	4,291.3
Less: capital contributions	**(153.0)**	(153.0)
Add: dividends	**24.3**	24.3
Adjusted net assets	**4,274.1**	4,162.6
Net assets per share	**556p**	512p
Adjusted NAV per share	**577p**	562p

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

Adjusted NAV excludes deferred tax and fair value adjustments on derivatives at both balance sheet dates. Adjusted NAV also excludes the cash element of the capital contributions received in April 2015 totalling £153.0m and subsequent distributions. The increase in adjusted NAV per share for the period was 15p. Adjusted NAV per share has been calculated by reference to 740,374,616 Ordinary Shares.

3. REVENUE

Year ended 31 December 2021 £m		**Period ended 30 June 2022 £m**	Period ended 30 June 2021 £m
271.7	Rent receivable	**134.4**	131.8
24.2	Recognised incentives and committed rent increases	**6.9**	13.4
295.9		**141.3**	145.2
95.6	Service charge income	**47.4**	46.6
21.6	Other recoveries from tenants	**14.7**	9.8
3.4	Residential rent	**8.4**	–
3.2	Termination of leases	**8.7**	2.7
419.7	**Gross development, rental and related income**	**220.5**	204.3
(136.1)	Service charge and other direct property expenses	**(68.1)**	(65.2)
(5.6)	Residential cost of sales	**(4.8)**	–
–	Movement in accruals and provisions for leasehold commitments	**–**	–
(1.3)	Costs associated with termination of leases	**(7.8)**	(0.5)
276.7	**Net development, rental and related income**	**139.8**	138.6

4. NET REVALUATION MOVEMENTS ON PROPERTY

Year ended 31 December 2021 £m		**Period ended 30 June 2022 £m**	Period ended 30 June 2021 £m
	Revaluation of:		
(123.1)	– investment properties	**84.8**	(69.1)
18.8	– properties under construction	**20.1**	23.3
10.8	– development properties	**(5.1)**	21.5
(93.5)		**99.8**	(24.3)

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

5. NET FINANCING COSTS

Year ended 31 December 2021 £m		**Period ended 30 June 2022 £m**	Period ended 30 June 2021 £m
	Interest revenue		
0.1	Deposits, other loans and securities	**0.1**	–
	Interest expense		
(82.7)	Notes and debentures	**(40.5)**	(41.5)
(22.5)	Green Bonds	**(15.2)**	(7.0)
(22.1)	Construction loan interest	**(11.7)**	(11.2)
(62.6)	Other bank loans, overdrafts and other interest payable	**(30.4)**	(35.8)
(6.1)	Obligations under long term property lease	**(3.0)**	(3.0)
(4.3)	Accelerated amortisation of deferred financing costs	**–**	(5.2)
(200.3)		**(100.8)**	(103.7)
26.4	Interest transferred to properties under construction	**11.7**	16.0
(4.1)	Associated undertakings net interest payable	**(2.2)**	(2.2)
(178.0)	**Total underlying interest expense**	**(91.3)**	(89.9)
(177.9)	Underlying net financing costs	**(91.2)**	(89.9)
	Other financing (costs)/income		
149.0	Valuation movements on fair value of derivatives	**204.1**	110.4
(3.2)	Swap break costs	**(1.4)**	(4.4)
(5.0)	Hedging reserve recycling	**(2.4)**	(2.6)
140.8		**200.3**	103.4
(37.1)	**Net financing income/(costs)**	**109.1**	13.5
0.1	Total financing income	**0.1**	–
(37.2)	Total financing costs	**109.0**	13.5
(37.1)	**Net financing costs**	**109.1**	13.5

The amount transferred to properties under construction and held for development comprised £6.9m attributable to the cost of funds of the Group's general borrowings (year ended 31 December 2021 – £13.4m, period ended 30 June 2021 – £8.7m) and £4.8m of finance costs recognised on the construction loan facilities which are being utilised to finance certain of the development expenditure on the Estate (year ended 31 December 2021 – £13.0m, period ended 30 June 2021 – £7.3m). 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 of 3.7% in each period.

In 2022, £2.4m (2021 – £2.6m) was recycled to the Consolidated Income Statement from the hedging reserve as the corresponding hedged cash flows occurred.

In the current period, £6.2m of fair value gains (year ended 31 December 2021 – £2.3m loss, period ended 30 June 2021 – £4.8m loss) on interest rate swaps were taken to the hedging reserve.

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

6. TAX

Year ended 31 December 2021 £m		**Period ended 30 June 2022 £m**	Period ended 30 June 2021 £m
	Tax charge		
(22.6)	Current tax charge to income	**(1.4)**	(1.4)
11.1	Deferred tax credit/(charge)	**0.6**	(3.4)
(11.5)	**Group total tax**	**(0.8)**	(4.8)
	Tax reconciliation		
105.2	Group profit on ordinary activities before tax	**324.2**	104.3
(20.0)	Tax on profit on ordinary activities at UK corporation tax rate of 19.0% (2021 – 19.0%)	**(61.6)**	(19.8)
	Effects of:		
(1.7)	Change in tax rate	**(0.1)**	(5.3)
1.3	Adjustments in respect of prior years	**(0.2)**	1.4
12.5	Profits and losses non taxable under the REIT regime	**61.5**	18.5
(4.6)	Movement in tax losses not recognised as deferred tax assets	**–**	–
(2.9)	Tax charge on internal restructuring	**–**	–
(1.7)	Expenses not deductible for tax purposes	**(0.1)**	(0.3)
(0.2)	Other differences	**(0.3)**	0.7
(11.5)	**Group total tax**	**(0.8)**	(4.8)

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 £1.4m has been recognised in the year (year ended 31 December 2021 – £22.6m, period ended 30 June 2021 – £1.4m). The accrual for corporation tax payable decreased to £35.8m at 30 June 2022, in comparison with £46.6m at 31 December 2021.

	Other £m	**Total £m**
Deferred tax assets		
1 January 2022	0.7	**0.7**
Credit to income	0.1	**0.1**
30 June 2022	**0.8**	**0.8**

	Revaluation surpluses £m	Other £m	**Total £m**
Deferred tax liabilities			
1 January 2022	(7.4)	(0.7)	**(8.1)**
Credit to income	–	0.5	**0.5**
30 June 2022	**(7.4)**	**(0.2)**	**(7.6)**

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

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 2022	(7.4)
Charge to income	0.6
Net liability at 30 June 2022	**(6.8)**

The standard rate of corporation tax payable by the Group is 19.0%. In May, the Finance Act 2021 was substantively enacted increasing the rate of tax to 25.0% from 1 April 2023. Deferred tax at 31 December 2021 and 30 June 2022 has been provided at 25.0%.

At 30 June 2022, the net deferred tax liability relates primarily to the upward revaluation of owner occupied space, which is not anticipated to crystallise within one year.

7. INVESTMENT, DEVELOPMENT AND CONSTRUCTION PROPERTIES AND PLANT AND EQUIPMENT

Property assets at 30 June 2022 comprised:

	Investment properties £m	Under construction to be retained £m	Development properties £m	**Total £m**	Asset held for sale £m	Properties for sale held at cost £m	**Total £m**
Fair value at 1 January 2022	7,123.6	264.2	919.4	**8,307.2**	–	30.6	**8,337.8**
Adjust for brought forward:							
– 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 16)	–	–	62.2	**62.2**		–	**62.2**
– unrecognised fair value movement	–	–	–	**–**	–	0.7	**0.7**
Carrying value at 1 January 2022	6,870.9	258.5	981.6	**8,111.0**	–	31.3	**8,142.3**
Additions	1.4	33.9	50.2	**85.5**	–	1.4	**86.9**
Capitalised interest	–	3.2	8.3	**11.5**	–	0.2	**11.7**
Transfers/disposals	(265.7)	(79.8)	(111.0)	**(456.5)**	456.5	–	**–**
Revaluation movement	84.8	20.1	(5.1)	**99.8**	–	–	**99.8**
Carrying value at 30 June 2022	**6,691.4**	**235.9**	**924.0**	**7,851.3**	**456.5**	**32.9**	**8,340.7**
Adjust for:							
– tenant incentives	236.3	1.5	–	**237.8**	11.1	–	**248.9**
– unamortised lease negotiation costs*	14.4	1.8	–	**16.2**	0.6	–	**16.8**
– obligations under long term property lease (Note 16)	(5.3)	(12.9)	(44.0)	**(62.2)**	–	–	**(62.2)**
– unrecognised fair value movement	–	–	–	**–**	–	(2.8)	**(2.8)**
Fair value at 30 June 2022	**6,936.8**	**226.3**	**880.0**	**8,043.1**	**468.2**	**30.1**	**8,541.4**

Properties held for sale, disclosed as current assets comprise:

- the building at 8 Harbord Square which is being developed for the purpose of sale and;
- 20 Cabot Square, which has been transferred from investment properties and is currently under offer.

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

The Group's share of the fair value of property assets held by it's joint ventures and investments is shown below:

	30 June 2022 £m	31 December 2021 £m
8 Water Street and 10 George Street	**197.0**	189.4
10 Upper Bank Street	**74.0**	78.0
One Charter Street	**26.0**	26.2
	297.0	293.6
Group properties	**8,541.4**	8,337.8
Total property portfolio	**8,838.4**	8,631.4

Valuation

The fair value of Canary Wharf Group's properties has been arrived at on the basis of valuations carried out by the external valuers, CBRE, Savills or Cushman & Wakefield at 30 June 2022. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties.

The properties have been valued individually and not as part of a portfolio and no allowance has been made for expenses of realisation or for any tax which might arise other than in respect of purchaser's costs and in particular, full liability for UK stamp duty as applicable at the valuation date.

Lease incentives and deferred negotiation costs

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

	Rent free periods £m	Other tenant incentives £m	Total tenant incentives £m	Deferred negotiation costs £m	**Total £m**
1 January 2022	134.6	105.8	240.4	18.0	**258.4**
Incentives paid	–	1.6	1.6	–	**1.6**
Recognition of rent during rent free periods	20.5	–	20.5	–	**20.5**
Deferred lease negotiation costs	–	–	–	0.4	**0.4**
Amortisation	(10.3)	(3.3)	(13.6)	(1.6)	**(15.2)**
Transferred to held for sale	(1.5)	(9.6)	(11.1)	(0.6)	**(11.7)**
30 June 2022	**143.3**	**94.5**	**237.8**	**16.2**	**254.0**

Plant and equipment

	30 June 2022 £m	31 December 2021 £m
Opening balance	**8.9**	8.4
Additions	**0.5**	5.1
Depreciation	**(2.8)**	(4.6)
Closing balance	**6.6**	8.9

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

8. INVESTMENTS

Investments comprise:

	30 June 2022 £m	31 December 2021 £m
Associates and joint ventures	**95.3**	96.7
Other investments	**31.4**	35.2
	126.7	131.9

8 Water Street and 10 George Street (part of Vertus)

On 30 March 2017, the Group transferred 2 properties with a combined carrying value of £79.8m into a 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. These properties were completed in 2020 and are now trading.

One Charter Street

In 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.

Other Investments

In June 2015, the Group acquired a 10.0% interest in an SLP established to acquire 10 Upper Bank Street. At 30 June 2022, the carrying value of the investment comprised the initial investment of £36.1m adjusted for the Group's share of the increase/decrease in the net assets of the SLP.

9. ASSETS HELD FOR SALE

At 30 June 2022, the Group was in negotiations to sell its 100% ownership of 20 Cabot Square I Unit Trust, 20 Cabot Square II Unit Trust and Canary Wharf Retail (FC4) Limited, the entities which own the 20 Cabot Square investment property asset. The entities and asset were considered to be in a condition ready for sale and is therefore considered to meet the held for sale criteria under IFRS. Exchange of contracts and completion is expected within the next twelve months. The net assets have been classified as held for sale and measured at their fair value less costs of disposal. A summary of the assets and liabilities reclassified to 'assets held for sale' in the consolidated balance sheet, together with the comparative amounts at 31 December 2021, is provided in the table below:

	30 June 2022 £m	31 December 2021 £m
Investment properties	**456.5**	454.7
Non current receivables	**11.7**	12.3
Assets held for sale	**468.2**	467.0

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

10. TRADE AND OTHER RECEIVABLES

	30 June 2022 £m	31 December 2021 £m
Trade receivables	**46.1**	42.7
Other receivables	**35.8**	37.0
Prepayments and accrued income	**21.8**	28.4
Deferred financing expenses	**0.3**	0.2
Amounts owed by Vertus Joint Ventures	**22.9**	33.0
Amounts owed by CWGRL	**41.1**	88.7
Amounts owned by Edyn	**0.6**	–
Total trade and other receivables	**168.6**	230.0

Trade receivables are shown after deducting a provision for impairment of £5.9m (31 December 2021 – £2.9m). The provision for doubtful debts is calculated as an expected credit loss on trade receivables in accordance with IFRS 9. The charge to the consolidated income statement in relation to doubtful debts was £3.0m (period ended 30 June 2021 – £0.8m charge) and £1.0m was written off due to tenants entering liquidation.

Deferred financing expenses comprised fees incurred on loans entered into by the Group which had not been drawn down at the balance sheet date.

The amounts owned by associated undertakings are repayable on demand.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	30 June 2022 £m	31 December 2021 £m
Unrestricted cash	**152.3**	98.7
Collateral for borrowings	**210.6**	132.3
Security for obligations	**8.0**	10.1
	370.9	241.1
Monetary deposits held at bank	**–**	2.3

12. TRADE, OTHER PAYABLES AND CORPORATION TAX

	30 June 2022 £m	31 December 2021 £m
Trade payables	**15.5**	27.0
Tax and social security costs	**2.3**	9.6
Other payables	**43.9**	46.8
Accruals	**129.6**	86.0
Deferred income	**86.9**	71.6
Amounts owed to CWGRL	**40.0**	–
Amounts owed to Braeburn	**1.6**	–
Amounts owed to 10 UBS	**0.7**	–
Total trade and other payables	**320.5**	241.0
Corporation tax	**35.8**	46.6

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

13. CURRENT PORTION OF LONG TERM BORROWINGS

The current portion of long term borrowings comprises:

	30 June 2022 £m	31 December 2021 £m
Accrued interest payable	**26.1**	18.9
Repayable within one year:		
– securitised debt	**29.3**	29.3
– secured loans	**439.3**	339.2
Long term borrowings repayable within one year	**494.7**	387.4

The terms of the Group's loan facilities are summarised in Note 16.

14. BORROWINGS

Non current liability borrowings comprise:

	30 June 2022 £m	31 December 2021 £m
Securitised debt	**1,366.2**	1,382.4
Green Bonds	**895.9**	888.1
Secured loans	**1,508.0**	1,462.9
Construction loans	**191.2**	251.1
	3,961.3	3,984.5

The terms of the Group's loan facilities are summarised in Note 16.

15. 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 30 June 2022, the fair value of these derivatives resulted in the recognition of a liability of £277.6m (31 December 2021 – £491.3m), of which £5.8m (31 December 2021 – £645.4m) was recognised in respect of cash flow hedges which qualify for hedge accounting.

	30 June 2022 £m	31 December 2021 £m
Securitisation	**171.4**	311.1
Green Bonds	**(0.3)**	5.8
Other secured loans	**106.5**	174.4
	277.6	491.3

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 £6.2m from £283.8m (31 December 2021 – £10.0m from £501.3m).

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

16. NET DEBT

	30 June 2022 £m	31 December 2021 £m
Securitised debt	**1,578.0**	1,733.1
Green Bonds	**900.2**	898.6
Other secured loans	**2,255.4**	2,231.5
Gross debt	**4,733.6**	4,863.2
Current liabilities:		
– Borrowings	**494.7**	387.4
Non current liabilities:		
– borrowings	**3,961.3**	3,984.5
– derivatives	**277.6**	491.3
Gross debt	**4,733.6**	4,863.2
Cash and cash equivalents	**(370.9)**	(241.1)
Monetary deposits	**–**	(2.3)
Net debt	**4,362.7**	4,619.8

The amounts at which borrowings are stated comprise:

	Securitised debt £m	Green Bonds £m	Other secured loans £m	Construction loans £m	**Total £m**
1 January 2022	1,733.1	898.6	1,657.2	574.3	**4,863.2**
Drawn down	–	–	59.3	40.2	**99.5**
Effective interest rate adjustment	(1.0)	1.5	0.5	0.1	**1.1**
Accrued finance charges	(1.2)	–	3.2	0.5	**2.5**
Foreign exchange loss	–	6.2	–	–	**6.2**
Repaid in period	(14.7)	–	(13.2)	–	**(27.9)**
Movements in fair value of derivatives	(138.2)	(6.1)	(66.4)	(0.3)	**(211.0)**
30 June 2022	**1,578.0**	**900.2**	**1,640.6**	**614.8**	**4,733.6**
Payable within one year or on demand	40.4	4.6	25.9	423.8	**494.7**
Payable in more than one year	1,366.2	895.9	1,508.0	191.2	**3,961.3**
Derivatives	171.4	(0.3)	106.7	(0.2)	**277.6**
	1,578.0	**900.2**	**1,640.6**	**614.8**	**4,733.6**

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

The principal terms of the Groups borrowings are:

Instrument	Commitment £m	Drawn £m	Interest rate	Hedged rate	Repayment
Securitised debt – A1	188.1	188.1	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	117.5	117.5	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	433.4	433.4	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
Loan: Wood Wharf Affordable	59.3	59.3	SONIA plus 1.95%	–	June 2029
Quay club loan	20.3	20.3	Base rate plus 2.25%	–	By instalment to December 2025
HCA infrastructure loan	182.1	175.6	EC reference rate plus 2.2%	–	March 2028
NFL construction loan	348.0	232.2	SONIA plus 3.3693%	–	December 2022
		76.3	EC reference rate plus 2.7%	–	December 2022
Office construction loan	186.0	114.9	SONIA plus 3.1193%	75.0% of the loan at 3.7.0%	March 2023
8 Harbord Square loan	49.2	16.1	SONIA plus 4.25%	–	July 2025

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.

During the period the Group secured two new loans; a £59.3m investment loan secured against the completed affordable properties in Wood Wharf and a £49.2m construction facility for 8 Harbord Square.

In May 2022, the Group agreed the extension of the HCA infrastructure loan from September 2023 to March 2028. The margin on the loan increases from 2.2% to 3.45% in March 2026 and to 4.2% in March 2027.

The £30.0m RCF was undrawn at 30 June 2022 and 31 December 2021.

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

Comparison of fair values and carrying amount

	30 June 2022			31 December 2021		
	Fair value £m	**Carrying amount £m**	**Difference £m**	Fair value £m	Carrying amount £m	Difference £m
Securitisation	**(1,473.0)**	**(1,406.6)**	**(66.4)**	(1,635.1)	(1,422.0)	(213.1)
Green Bonds	**(818.6)**	**(900.5)**	**81.9**	(896.4)	(892.8)	(3.6)
Secured loans	**(1,533.9)**	**(1,533.9)**	**–**	(1,483.0)	(1,483.0)	–
Construction	**(615.0)**	**(615.0)**	**–**	(574.1)	(574.1)	–
	(4,440.5)	**(4,456.0)**	**15.5**	(4,588.6)	(4,371.9)	(216.7)
Other financial liabilities:						
Interest rate derivatives	**(277.6)**	**(277.6)**	**–**	(491.3)	(491.3)	–
Cash and monetary deposits	**370.9**	**370.9**	**–**	243.4	243.4	–
Total	**(4,347.2)**	**(4,362.7)**	**15.5**	(4,836.5)	(4,619.8)	(216.7)

17. OTHER NON CURRENT LIABILITIES

	Ground rent obligation £m
1 January 2021	62.2
Accrued finance charges	6.0
Paid in year	(6.0)
1 January 2022	62.2
Accrued finance charges	3.0
Paid in period	(3.0)
30 June 2022	**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.

NOTES TO THE UNAUDITED INTERIM REPORT
for the period ended 30 June 2022 (Continued)

18. NOTES TO THE CASH FLOW STATEMENT

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

Year ended 31 December 2021 £m		**Period ended 30 June 2022 £m**	Period ended 30 June 2021 £m
105.2	**Profit on ordinary activities before tax**	**324.2**	104.3
	Non cash movements		
93.5	Net valuation movements on properties	**(99.8)**	24.3
(8.5)	Share of profit before interest of associates and joint ventures	**(0.8)**	(1.3)
2.2	Revaluation of investments	**3.8**	1.7
(23.9)	Spreading of tenant incentives, committed rent increases and letting fees	**(5.7)**	(13.2)
4.6	Depreciation	**2.8**	0.9
37.1	Net financing (income)/costs	**(109.1)**	(13.6)
105.0		**(208.8)**	(1.1)
210.2		**115.4**	103.2
	Changes to working capital and other cash movements		
(50.5)	Decrease/(increase) in receivables	**59.8**	65.2
(14.8)	Increase/(decrease) in payables	**79.5**	(109.5)
	Cash inflow from operations	**254.7**	58.9
(11.2)	Income tax	**(12.2)**	(6.8)
133.7	**Cash inflow from operating activities (before interest)**	**242.5**	52.1

19. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

The new £59.3m investment loan is secured on the affordable buildings at Wood Wharf: 40 & 50 Harbord Square, 65 Harbord Square and 25 & 30 Harbord Square.

The new £49.2m construction loan facility is secured on 8 Harbord Square.

In connection with the construction facilities secured against 8 Water Street, a joint venture of the group, CWG has entered into forward purchase agreements with the lenders. This agreement required CWG to purchase the property at an amount sufficient to repay the related construction facilities in the event of a failure to refinance the loans on maturity. The construction loan was refinanced in the period and the guarantee fell away.

The Group's other financial commitments are unchanged from 31 December 2021.

20. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

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 Stork Holdings Limited, an entity registered at 47 Esplanade, St Helier, Jersey, JE1 0BD. 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.

INDEPENDENT REVIEW REPORT TO CANARY WHARF GROUP INVESTMENT HOLDINGS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the 6 months ended 30 June 2022 which comprises the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and related notes 1 to 20.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half yearly financial report for the 6 months ended 30 June 2022 is not prepared, in all material aspects, in accordance with United Kingdom adopted International Accounting Standard 34.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as issued by the IASB. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half yearly financial report in accordance with the requirements of the bond agreements.

In preparing the half yearly financial report, the directors are responsible for assessing the group'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 review of the financial information

In reviewing the half yearly financial report, we are responsible for expressing to the group a conclusion on the condensed set of financial statement in the half yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

DocuSigned by:
Deloitte LLP
868965669097418...

Deloitte LLP
Statutory Auditor
London, UK

26 August 2022

DEFINITIONS

10 UBS	10 Upper Bank Street Separate Limited Partnership, a 10% investment of the group.
Adjusted NAV	An alternate performance measure defined in Note 2.
Board	Board of directors of the Company
Braeburn	Braeburn Estates Limited Partnership and subsidiaries, a Joint Venture of CWGRL
Brookfield	Brookfield Property Partners LP
Canary Wharf Group	CWG and its subsidiaries
Canary Wharf/Estate	Canary Wharf Estate including Heron Quays West, Wood Wharf, Park Place, and North Quay
Company	Canary Wharf Group Investment Holdings plc
CRT	Canal and River Trust
CVA	Company Voluntary Arrangement
CWG	Canary Wharf Group plc
CWGRL	Canary Wharf Group Residential Limited
EC	European Commission
ERV	Estimated Rental Value
Green Bonds	£906.3m unsecured bonds issued in April 2021
Group	The Company, its wholly owned subsidiaries and Canary Wharf Group
HCA	Homes England (formerly Homes and Communities Agency)
IFRS	International Financial Reporting Standards
IFRS 9	International Financial Reporting Standard 9 Financial Instruments
NAV	Net Asset Value
Net LTV	The net loan to value ratio compares the aggregate of the fair value of the property portfolio and the fair value of JVs and investments against net debt excluding derivatives.
NNNAV	Triple Net Asset Value
Notes	Commercial Mortgage Backed Securities notes of Canary Wharf Group's securitisation
Ordinary Shares	Ordinary shares of 10p each
PFS	Profit For Sale
PRS	Private Rental Sector
psf	Per square foot
QIA	Qatar Investment Authority
REIT	Real Estate Investment Trust
RCF	Revolving Credit Facility
SLP	Separate Limited Partnership
SONIA	Sterling Overnight Index Average
sq ft	Square foot/square feet
Stork	Stork HoldCo LP, a Bermuda entity jointly owned by Brookfield and QIA
Underlying profit	An alternate performance measure defined in Note 2.
Vertus	Trading name for PRS buildings including Newfoundland and the Vertus Joint Ventures.
Vertus Joint Ventures	Joint venture entities established with the ultimate parent undertakings to develop 2 new PRS buildings at Wood Wharf at 10 George Street and 8 Water Street.
WAULT	Weighted average unexpired lease term
Wood Wharf	A site adjacent to the Estate with consent for 5.3m sq ft of development