CANARY WHARF
GROUP PLC

CANARY WHARF FINANCE II PLC

Registered number: 03929593

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

CANARY WHARF FINANCE II PLC

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CANARY WHARF FINANCE II PLC

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors, in preparing this Strategic Report, have complied with section 414C of the Companies Act 2006.

This Strategic Report has been prepared for the company and not for the group of which it is a member and therefore focuses only on matters which are significant to the company.

BUSINESS MODEL

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Stork Holdco LP.

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.

BUSINESS REVIEW

At 31 December 2024, the company had notes with a nominal value of £1,041,472,487 (2023 - £1,326,211,720) 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.

On 22 January 2024 the company made an early repayment of £71,500,000 of the A1 and £192,000,000 of the A3 notes.

The securitisation has the benefit of an agreement with AIG which covers the rent in the event of a default by the tenant of 33 Canada Square over the entire term of its lease. At 31 December 2024, AIG had posted £34,034,750 (2023 - £52,125,032) as cash collateral in respect of this obligation.

The company also has the benefit of a £300.0m liquidity facility provided by Lloyds Bank plc, under which drawings may be made in the event of a cash flow shortage under the securitisation. The liquidity facility matures on 22 October 2037.

The ratings of the notes as of the date of issue of this report are as follows:

Class	**Moody's**	**Fitch**	**S&P**
A1	Aaa	AA	A+
A3	Aaa	AA	A+
A7	Aaa	AA	A+
B	Aa3	A+	A+
B3	Aa3	A+	A+
C2	A3	BBB+	A
D2	Baa3	BBB	A-

Going Concern

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operations as a going concern.

The statement of financial position shows a net current asset position of £957,335,544 and the Company has issued securities which are backed by commercial mortgages over certain properties within the Canary Wharf estate. These properties are let on long term leases to a diverse range of credit worthy tenants.

Accordingly they continue to adopt the going concern basis in preparing the financial statements.

KEY PERFORMANCE INDICATORS

	2024 £	2023 £
Securitised debt - nominal value	1,041,472,487	1,326,211,720
Securitised debt - fair value	938,849,230	1,146,842,110
Securitised debt - carrying value	935,711,698	1,197,018,834
Financing cost (before adjustment for fair value)	61,633,798	78,550,825
Total comprehensive income	111,474	84,292
Weighted average maturity of debt	8.8 years	7.7 years
Weighted average interest rate	6.1%	6.1%

The above Key Performance Indicators are the most appropriate in assessing business performance as they are all of high importance in analysing the movements in and current outlook of the securitised debt, which underpins the year on year movements throughout the financial statements.

STRATEGY & OBJECTIVES

Exposure Management

The mark-to-market positions of all the company's derivatives are reported to the Group Treasurer on a monthly basis and to the directors on a quarterly basis. The Group Treasurer monitors hedging activity on an ongoing basis, in order to notify the directors of any overhedging that may potentially occur and proposals to deal with such events.

Hedging Instruments and Transaction Authorisation

Instruments that are used for hedging interest rate exposure include:

• Interest rate swaps

No hedging activity is undertaken without explicit authority of the Board.

Transaction Accounting

All derivatives are required to be measured on balance sheet at fair value (mark-to-market).

Credit Risk

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

All other debtors are receivable from other group undertakings.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has adopted Canary Wharf Group Investment Holdings plc ("the group") principal risks and uncertainties monitoring and management policies as principal risks and uncertainties are not managed separately by the company. The risks and uncertainties facing the business are monitored through continuous assessment, regular formal reviews and discussions at the group audit committee and board meetings. The group recognises that effective management of risk is key to the business success. As the group has grown and evolved in recent years, diversifying the profile of the Estate and expanding operations, its risk profile has also evolved. At the same time, the group has needed to navigate the Covid-19 pandemic, changes in how people work, as well as an increasingly challenging global economic, political, and geopolitical environment. The group has responded by focusing on the creation and protection of value through its Risk Management programme – for the group's shareholders and investors, its tenants, and for visitors to the Canary Wharf Estate.

The Board has overall responsibility for Risk Management for the group. In this role, it is underpinned by the Audit Committee and the Executive Risk Committee and supported throughout by the Risk Management team.

The group's Risk Management programme was the subject of extensive revision in 2022 and has been the focus of continued investment and development. The programme is embedded across the group, with department heads and specialist functions acting as risk managers and risk owners.

The group's Risk Management programme is aligned to ISO 31000 and informed by best practice across all areas of operation, specifically property development, construction, facilities management and property and retail management. The Group is also certified to ISO 45001, ISO 9001 and ISO 22301, reflecting our commitment to best practice.

The Risk Environment

All departments and specialist functions across the group continually monitor risks in their operating environments and are supported in this by appropriate external expertise and by the Risk Management team.

Structured horizon scanning is carried out by The Group's Executive Risk Committee. This has primarily focused on challenges to the UK economy and the commercial real estate sector, while a change of government, increasing regulation and other developments across the sociological, technological, legal, and environmental sectors have also informed the group's risk identification process.

Principal Risks – External

1. Macroeconomic

Macroeconomic risks continue to be among the most significant category of risks on the group's register, reflecting the challenges to the UK and global economy. While the group has seen positive developments in the reduction of the UK's inflation and interest rates, it continues to monitor a range of domestic and global factors that could potentially reverse these gains. Risks in this area are graded with medium to high likelihoods and impacts.

Management and mitigation: Control measures adopted by the group include continued engagement and support of shareholders, close monitoring of key economic indicators in the context of the group's strategy and commitments, and planning for a range of potential economic outcomes. The group also assesses the financial solvency of potential customers, suppliers, or partners before proceeding with new projects, ensuring no overreliance on any one customer or supplier. Regular stress testing of the group's business plan is undertaken to assess the impact of an economic downturn on operations and to ensure the group's financial position remains resilient.

2. Office Leasing

At 31 December 2024, the group owned 12 office assets with a net internal area (NIA) of 6.9m sq ft, representing 62.9% of the value of the groups property portfolio. Risks associated with office leasing have been prominent over the past twelve months, influenced by changes in work patterns and a shift in tenant demand towards premium, sustainable solutions. These risks have been assessed with medium to high likelihoods and impacts.

Management and mitigation: The group has a strong track record of creating value in the office market. Risk controls will focus on engaging with current and potential tenants to understand their requirements, ensuring financial covenant checks are routinely completed for assurance, and enhancing the Canary Wharf experience with new public spaces, including the launch of Eden Dock. The group will also continue to diversify, expand, and modernise its product offerings, engaging with new sectors such as healthcare and life sciences.

3. Financing Risk

Key financial risks for the group are influenced by the broader macro-economic environment and the specific challenges facing the commercial real estate sector. These risks include the cost and availability of financing and achieving the group's loan to value metrics. The group has completed a range of refinancing throughout the year and is currently engaged in the refinancing of a range of bonds due to mature in coming years. Risks across this sector are graded medium to high likelihoods and impacts.

Management and mitigation: The group continues to explore refinancing options with new and existing partners, and continues to enjoy significant support from its shareholders. Financial covenants are regularly monitored and assessed in conjunction with any new deals or financing and the group affirms a strict hedging strategy.

4. Political and Regulatory Risk

The group continues to monitor risks related to the UK's political landscape, in particular around policy initiatives from the new government. In regulatory terms, the group has identified risks from the implementation of the Building Safety Act, and its continued and emerging obligations across the Economic Crime and Corporate Transparency act, anti-bribery and corruption, tax evasion, anti-money-laundering, and modern slavery and human trafficking regulations. These risks are graded as low to medium in terms of likelihood and impact.

Management and mitigation: The group's controls centre on regulatory monitoring the development, maintenance and implementation of appropriate policies, together with staff training and regular reviews of control effectiveness. On a local scale, The group engages continually with the London Borough of Tower Hamlets council to ensure awareness of any local regulatory changes. Mandatory training has been provided to educate all employees on the responsibilities under the Building Safety Act. Further, training on anti-facilitation of tax evasion, modern slavery, and GDPR are all mandatory for the group's employees. The group maintains high standards of business principles and ethics, with appropriate risk assessments undertaken periodically.

5. Technology and Cyber Security Risk

The Group recognises that risks from cyber threat actors are evolving in scale and complexity, while at the same time noting that the rapid evolution of technology and information systems, particularly around AI, will be a critical component of its continued success. The group's risks in this context are graded to be of medium likelihood and impact.

Management and mitigation: The group monitors the evolution of risks and employs multilayered controls to address these, including the establishment, implementation and maintenance of appropriate policies, staff education and appropriate and proportionate cyber defences.

Principal Risks – Internal

6. Sustainability

The group places a strong emphasis on Sustainability, focusing on our four key focus areas; Climate Action, Creating Space for Nature, Driving Circularity and Social Impact.

Key risks across our sustainability programme include the accurate representation of the group's sustainability progress to regulators and the public, collaboration with our supply chains and occupiers to ensure our science-based targets are met and increasing legal requirements for building performance targets. These risks are graded as medium to high in terms of likelihood and impact and failure to meet these targets could result in reputational damage for the group and subsequent damage to The Group's relationship with its customers, suppliers and other stakeholders. Similarly, inaccurate claims around sustainable practices could result in the group being subject to fines under the Green code, leading to both financial and reputational harm. A comprehensive overview of the group's Sustainability programme is available here: https://Group.canarywharf.com/environmental-social-governance/.

Management and mitigation: Our sustainability policies and targets, allied with extensive monitoring and reporting are key controls for this group of risks. These are further enhanced with engagement with our key stakeholders across regulatory and industry bodies and extensive training and engagement through our supply chain to ensure that our objectives continue to be appropriate and on target..

7. Operational

The group's operational risks reflect the complexity and scale of Canary Wharf and range from facilities management to infrastructure maintenance and utilities provision. The group benefits from having control over the infrastructure across Canary Wharf, which facilitates coordination and risk management. This risk is graded low to medium in terms of likelihood and impact.

Management and mitigation: Controls in this regard are centred on driving a positive, inclusive culture and environment, supporting employee engagement through regular review and updating of key policies, provision of career development support and training and a comprehensive programme of initiatives supporting wellbeing, sustainability and equity, diversity and inclusion. The group operates an employee engagement survey – Your Voice Matters, ranked in the top 25% of organisations using the Peakon platform survey for the employee Net Promoter Score. The group also ensures each employee has access to the Career Development Framework, with Managers receiving training to support the career development of their team.

8. People, Culture & Customers

The group recognises that its People, Culture and Customers are central to its success. Key risks include staff shortages and losses, and shortfalls in succession planning, which are graded as low in likelihood and impact.

Management and mitigation: Controls focus on driving a positive, inclusive culture and environment, supporting employee engagement through regular review and updating of key policies, provision of career development support and training, and a comprehensive programme of initiatives supporting wellbeing, sustainability, and equity, diversity, and inclusion. The group operates an employee engagement survey – Your Voice Matters – and ranked in the top 25% of organisations using the Peakon platform survey for the employee Net Promoter Score. The group also ensures each employee has access to the Career Development Framework, with Managers receiving training to support the career development of their team. Regarding the wider community at Canary Wharf, The Group fosters an inclusive and engaging environment. The group launched Wharf Connect in 2024, a free membership community tailored for early career professionals based in Canary Wharf, with the goal of bringing together future leaders, enhancing office engagement, and creating an environment that fosters the retention of early career professionals, making them an integral part of the wider Canary Wharf ecosystem.

9. Health, Safety & Security

The Health, Safety and Security of our colleagues, tenants, and the public are key priorities for the group. In security terms our key risks range from terrorism, to crime, to disruptive activity. In terms of Health and Safety, the Group's activities across construction, facilities management, maintenance and engineering represent a broad range of risks, including the failures of equipment, systems or processes, in addition to risks presented by rapidly growing technologies such as electric vehicles. These risks are graded as low to medium in terms of likelihood and impact.

Management and mitigation: The Group's commitment to managing Health, Safety, and Security is reflected in the capability and experience of the workforce across the business, with all empowered to act to promote a safe environment. The Group's Security & Resilience department deploys best practice security personnel and technology to deter, detect and disrupt hostile actors and the Health, Safety & Wellbeing department's controls are founded on appropriate and proportionate policies, safety regimes and investment in expertise and capability. Employees are required to undertake training on security and resilience awareness and fire awareness, in addition to The Group utilising Everbridge, a Critical Event Management platform which is regularly tested to effectively manage critical events and improve organisational resilience, ensuring all staff can be contacted and located in the event of an emergency.

Financing risk

The broader economic cycle inevitably leads to 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 mitigate 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% but there is also a cash trap covenant of 50.0%. Based on the 31 December 2024 valuations of the properties upon which the company's notes are secured, the LMCTV ratio at the interest payment date in January 2025 was 48.7%. The securitisation is not subject to a minimum interest coverage ratio. A breach of financial covenants can be remedied by depositing eligible investments (including cash). No breach of financial covenants has taken place in the period.

SECTION 172 (1) STATEMENT COMPANIES ACT 2006

Section 172 (1) of the Companies Act 2006 requires that a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

As a company with no employees, our Section 172 statement reflects our commitment to fulfilling our duties under the Companies Act 2006 while operating in a manner consistent with our role and responsibilities within the group structure.

Our primary obligation lies with our shareholder, Stork HoldCo LP, and our actions are guided by the objective of maximising shareholder value and ensuring the long-term success of the group. We engage with Canary Wharf Group Investment Holdings Plc, an entity under common ownership, to understand their strategic objectives, priorities, and expectations, aligning our decision-making processes accordingly.

While we do not have direct employees, we recognise the broader impact of our activities on the communities in which we operate and society at large. We uphold principles of ethical conduct, integrity, and compliance with relevant laws and regulations, contributing positively to the reputation and sustainability of the group.

Our governance practices prioritise transparency, accountability, and effective communication with Canary Wharf Group Investment Holdings Plc, ensuring that our activities are aligned with the group's overall mission and values. We remain committed to responsible corporate citizenship and to acting in the best interests of the group as a whole.

A decision was made to partially repay the A1 and A3 notes as a result of a change in lease arrangements in 10 Cabot Square that resulted in Barclays prepaying all remaining lease amounts, occupational costs and sub contracted services owed under the current contract.

This report was approved by the board on 23 April 2025 and signed on its behalf.

Signed by:

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R J Worthington
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the financial statements for the year ended 31 December 2024.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £9,984,110 (2023 - loss £9,973,236).

The total comprehensive income for the year, amounted to £111,474 (2023 - £84,292).

No dividends have been paid or proposed in the year (2023 - £NIL).

DIRECTORS

The directors who served during the year and in the year to date were:

K K Al-Thani
T Berklayd
Sir George Iacobescu CBE (resigned 1 July 2024)
S Z Khan
K J Kingston (alternate director to S Z Khan)
R J Worthington
J J Turner (alternative director to Sir George Iacobescu CBE) (resigned 1 July 2024)

The directors are fully aware of their statutory duties under the Companies Act 2006, and in particular the core duty to act in good faith and in a way most likely to promote the success of the company for the benefit of its members as a whole.

The Company has in place a qualifying third-party indemnity provision for all directors (to the extent permitted by law) in respect of liabilities incurred as a result of their office. The Company also has in place liability insurance covering the directors and officers of the company and any associated companies. Both the indemnity and insurance were in force during the period ended 31 December 2024 and at the time of the approval of this Directors' Report. Neither the indemnity nor the insurance provide cover in the event that the director is proven to have acted dishonestly or fraudulently.

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

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

The directors expect the general level of activity to remain consistent with 2024 in the forthcoming year. There have been no significant events since the balance sheet date.

FINANCIAL INSTRUMENTS

The financial risk management objectives and policies together with the principal risks and uncertainties with regard to the use of financial instruments by the company are contained within the Strategic Report.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

The Company has obligations to the London Stock Exchange with its securities admitted to trading on the London Stock Exchange’s Gilt Edged and Fixed Interest Market, and to the UK Listing Authority with its securities admitted to the Official List.

The Company ensures there are segregation of duties and approval controls in place to ensure appropriate internal control and risk management in the financial reporting process.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Board Composition

There were at least 2 executive directors and 2 non executive directors throughout 2024. The Board meets at least twice during the financial year. The non executive directors bring independent judgement to bear on issues considered by the Board and have the appropriate knowledge, experience and skills to discharge their duties. All Directors are able to take independent advice in the furtherance of their duties, if necessary, at the Company's expense.

Stakeholder dialogue

A quarterly update is available on the Group website.

Committees of the Board

The Company has no formal committees.

The Directors have concluded that, as the sole activity of the Company is to act as an issuer of asset-backed securities, the Company is not sufficiently complex to justify having an Audit Committee.

The functions of an Audit Committee are carried out by the Board.

Board Meetings and Committees

Board members are given appropriate documentation in advance of each Board meeting. Senior executives below Board level are invited to attend meetings for the purpose of making presentations on their areas of responsibility. The Board meets at least twice during the year.

The Company has no formal committees. The Directors have concluded that, as the sole activity of the Company is to act as an issuer of asset backed securities, the Company is not sufficiently complex to justify having an Audit Committee. The functions of an Audit Committee are carried out by the Board.

Company Secretary

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

Stakeholder dialogue

A quarterly securitisation update is available on the Group website.

STATEMENT ON BUSINESS RELATIONSHIPS

This section is covered in the Strategic Report under part (c) of the Section 172 (1) statement.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

This report was approved by the board on 23 April 2025 and signed on its behalf.

Signed by:

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R J Worthington
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the strategic report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that they face; and
- the strategic report, the director's report and the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Signed on behalf of the Board by:

R J Worthington
Director
Date: 23-04-2025

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF FINANCE II PLC

Independent auditor’s report to the members of Canary Wharf Finance II Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Canary Wharf Finance II Plc (the ‘company’) for the year ended 31 December 2024, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company’s affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the ‘Auditor’s responsibilities for the audit of the financial statements’ section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included:

- Obtaining and assessing management’s going concern assessment and supporting information including, as appropriate, cash flow forecasts, sensitivity analysis and reverse stress test;
- Assessing the appropriateness of the assumptions and relevance and reliability of data underpinning management’s assessment;
- Inquiring as to whether management are aware of events or conditions beyond the period of management’s assessment that may cast significant doubt on the entity’s ability to continue as a going concern;
- Inspecting other sources such as post year-end board minutes, and post year-end management accounts to identify any indicators of going concern issues;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF FINANCE II PLC

- Performing a reverse stress test and assessing plausibility of scenarios that could result in loss of income;
- Assessing whether breaches of loan covenants have happened or are forecast to happen; and
- Assessing the adequacy of going concern disclosures.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as events impacting UK inflation and interest rates, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

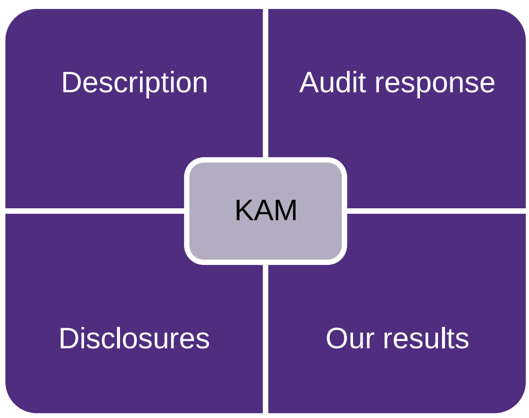
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

Grant Thornton	Overview of our audit approach
	Overall materiality: £9.88m, which represents 1% of the company's total assets at 31 December 2024.
	Key audit matters were identified as: • Valuation of derivative financial instruments (same as previous year); The auditor's report for the year ended 31 December 2023 included no key audit matters that have not been reported as key audit matters in our current year's report.
	We performed a full-scope audit of the financial statements of the Company. This included a key audit matter in relation to the valuation of derivative financial instruments at the year-end.

Key audit matters

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



CANARY WHARF FINANCE II PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF FINANCE II PLC

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.

Key Audit Matter

Valuation of Derivative Financial Instruments

We identified the valuation of derivative financial instruments as one of the most significant assessed risks of material misstatement due to error.

The company holds derivative financial instruments, consisting of interest rate swaps, to fix interest amounts payable on various floating rate loans held. FRS 102 requires that the derivatives must be held at fair value on the balance sheet, including the assessment of credit risk.

The valuation of the company’s derivatives is considered a key audit matter due to the company holding a significant balance of listed debt which is an area of importance to the company’s stakeholders. The fair value of the derivatives is based on quoted prices in active markets which carries a level volatility.

Management engage with their management expert who uses counterparty valuations to obtain their fair values and there is a risk of material misstatement if the calculations performed are incorrect.

Relevant disclosures in the Annual Report

- Financial statements: Note 15 – Derivative Financial Instruments

How our scope addressed the matter

In responding to the key audit matter, we performed the following audit procedures:

- assessed the design and implementation effectiveness of the relevant controls relating to the valuation of the derivative financial instruments;
- assessed the competence, capability and objectivity of management’s expert involved in the valuation;
- agreed the inputs of management’s valuation expert to underlying signed swap agreements;
- engaged with our internal valuation expert to perform an independent fair value calculation of the company’s interest rate swaps, including evaluating the credit valuation adjustments; and
- assessed the adequacy of disclosures within the financial statements in line with the financial reporting framework.

Our results

Based on our audit work, we have not identified any misstatements in relation to the valuation of financial derivatives.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

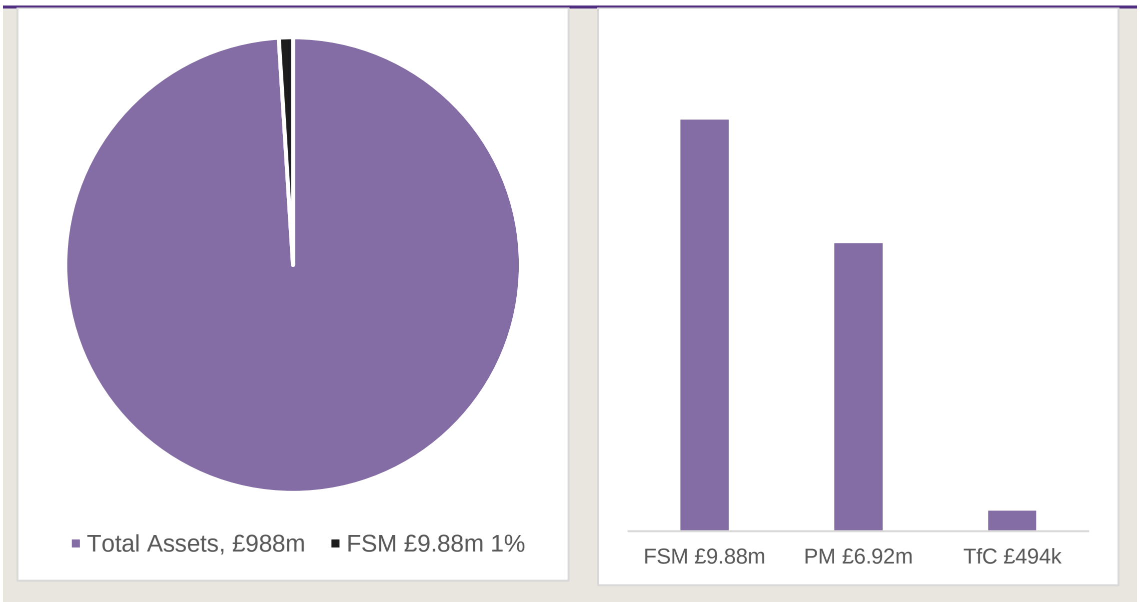
Materiality measure	Company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.
Materiality threshold	£9.88m which represents 1% of the company's total assets.
Significant judgements made by auditor in determining materiality	In determining materiality, we made the following significant judgements: The principal activity of the company is to provide funding to the Canary Wharf Group by way of the securitisation structure. The company is a finance vehicle that has issues securities which are backed by commercial mortgages over properties within the Canary Wharf Group estate allowing the entity to provide intercompany loans to the group. As such we determined that total assets is the most appropriate benchmark in determining materiality. Our use of a 1% measurement percentage is based on our assessment of the level of risk associated with the Company, which is a public interest entity. Materiality for the current year is lower than the level that was determined for the year ended 31 December 2023.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Performance materiality threshold	£6.92m which is 70% of financial statement materiality.
Significant judgements made by auditor in determining performance materiality	In determining performance materiality, we made the following significant judgments: • Our risk assessment – evaluation of the results of our risk assessment procedures with regard to the company's overall control environment; and • First year audit – consideration of our reduced experience due to being our first year in performing the audit.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
Specific materiality	We have not used a specific materiality for any areas of the audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF FINANCE II PLC

Materiality measure	Company
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.
Threshold for communication	£494k which represents 5% of financial statement materiality**,** and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.

Overall materiality



FSM: Financial statement materiality, PM: Performance materiality, , TfC: Threshold for communication to the audit committee

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the company's business and in particular matters related to:

Understanding the company, its environment, including controls

- Holding discussions with management to obtain an understanding of the company's environment and key risk areas including any key changes to the business; and
- Obtaining an understanding of relevant internal controls relating to revenue recognition, derivative financial instruments, and hedge accounting presentation.

Work to be performed on financial information of the company (including how it addressed the key audit matters)

- Through performance of our risk assessment, we identified the valuation of derivative financial instruments as our key audit matter above. We engaged our valuation expert to produce an independent calculation of the fair value, as well as to support us in reaching a conclusion on the value at year-end;

- We performed substantive testing of other risk areas, account balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the design and implementation of controls over individual systems and management of specific risks.

Performance of our audit

- The audit strategy consisted of a fully substantive approach, including a review of the IT General Controls and IT environment; and
- The engagement team visited client premises to conduct audit work.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion, based on the work undertaken in the course of the audit:

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANARY WHARF FINANCE II PLC

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the management. We determined that the most significant laws and regulations were the those that relate to the financial reporting framework, being United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and the Companies Act 2006, together with UK tax legislation;
- We enquired of the directors and management, including internal audit, to obtain an understanding of how the company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through by inspecting the minutes of the company's board meetings;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:

    evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;

    testing journal entries, including closing journal entries processed at the year-end for financial statements preparation; and

    challenging the assumptions and judgements made by management in its significant accounting estimates.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner’s assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
  - knowledge of the industry in which the company operates; and
  - understanding of the legal and regulatory frameworks applicable to the company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal experts, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the company's operations, including the nature of its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;

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

Other matters which we are required to address

We were appointed by the Audit Committee on 24th July 2024 to audit the financial statements for the year ended 31 December 2024. Our total uninterrupted period of engagement is 1 year.

The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Willam Pointon
BEE58DDB9E134EC...

William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
23 April 2025

CANARY WHARF FINANCE II PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £	2023 £
Administrative expenses		(30,688)	(66,902)
Operating loss		(30,688)	(66,902)
Interest receivable from group companies	6	61,777,251	119,472,302
Bank interest receivable	6	28,710	17,388
Loan interest payable	7	(61,663,799)	(119,338,496)
Hedge reserve recycling	7	(10,095,584)	(10,057,528)
Loss before tax		(9,984,110)	(9,973,236)
Tax on loss	9	-	-
Loss for the financial year		(9,984,110)	(9,973,236)
Other comprehensive income for the year			
Hedge reserve recycling		10,095,584	10,057,528
Other comprehensive income for the year		10,095,584	10,057,528
Total comprehensive income for the year		111,474	84,292

The notes on pages 23 to 38 form part of these financial statements.

CANARY WHARF FINANCE II PLC
REGISTERED NUMBER: 03929593

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 £	2023 £
Current assets			
Debtors: amounts falling due after more than one year	10	951,493,272	955,034,884
Debtors: amounts falling due within one year	10	33,575,660	356,796,143
Cash at bank and in hand	11	3,017,545	2,082,013
		988,086,477	1,313,913,040
Creditors: amounts falling due within one year	12	(30,750,933)	(353,147,358)
Net current assets		957,335,544	960,765,682
Total assets less current liabilities		957,335,544	960,765,682
Creditors: amounts falling due after more than one year	13	(951,493,272)	(955,034,884)
Net assets		5,842,272	5,730,798
Capital and reserves			
Called up share capital	16	50,000	50,000
Hedging reserve		(106,899,309)	(116,994,893)
Retained earnings		112,691,581	122,675,691
		5,842,272	5,730,798

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 23 April 2025.

R J Worthington
Director

The notes on pages 23 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Called up share capital	Hedging reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2024	50,000	(116,994,893)	122,675,691	5,730,798
Comprehensive income for the year				
Loss for the year	-	-	(9,984,110)	(9,984,110)
Hedge reserve recycling	-	10,095,584	-	10,095,584
Total comprehensive income for the year	-	10,095,584	(9,984,110)	111,474
At 31 December 2024	50,000	(106,899,309)	112,691,581	5,842,272

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Called up share capital	Hedging reserve	Retained earnings	Total equity
	£	£	£	£
At 1 January 2023	50,000	(127,052,421)	132,648,927	5,646,506
Comprehensive income for the year				
Loss for the year	-	-	(9,973,236)	(9,973,236)
Hedge reserve recycling	-	10,057,528	-	10,057,528
Total comprehensive income for the year	-	10,057,528	(9,973,236)	84,292
At 31 December 2023	50,000	(116,994,893)	122,675,691	5,730,798

The notes on pages 23 to 38 form part of these financial statements.

1. GENERAL INFORMATION

Canary Wharf Finance II plc is a public company limited by shares incorporated in the UK under the Companies Act 2006 and registered in England and Wales at One Canada Square, Canary Wharf, London, E14 5AB.

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

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

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

The company has made a policy choice to apply the recognition and measurement provisions of IFRS 9 Financial Instruments.

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

2.2 Going concern

Having made the requisite enquiries and assessed the resources at the disposal of the company, the directors have a reasonable expectation that the company will have adequate resources to continue its operation for the foreseeable future.

The balance sheet shows a net current asset position of £957,335,544 and the Company has issued securities which are backed by commercial mortgages over certain properties within the Canary Wharf estate. These properties are let on long term leases to a diverse range of credit worthy tenants.

Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.3 Cash flow statement

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

2.4 Segment information

The company has a single operating segment, being the provision of finance to the Canary Wharf Group, comprising Canary Wharf Group plc and its subsidiaries. All activities take place within the United Kingdom. Therefore, no segmental information has been prepared.

2. ACCOUNTING POLICIES (CONTINUED)

2.5 Financial Instruments

Loans receivable

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

Where loans are designated as fair value through profit or loss ('FVTPL') they are recognised at fair value. The fair value is assessed as the present value of most likely cash flows. Any movements are recognised in the income statement.

Trade and other payables

Trade and other creditors are stated at amortised cost.

Borrowings

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

Where loans are designated as fair value through profit or loss ('FVTPL') they are recognised at fair value. The fair value is assessed as the present value of most likely cash flows. Any movements are recognised in the income statement.

Derivative instruments

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

Following the adoption of the IFRS 9 measurement option, the floating rate securitised notes are measured at fair value and so no hedging relationships are possible. The changes in the fair value of the derivative instruments are recognised in the income statement.

Prior to the adoption of IFRS 9 the financial instruments were carried under the measurement criteria of IAS 39. The B3 and C2 financial instruments were designated as effective hedges of the corresponding notes and carried at Fair Value through Other Comprehensive Income. On adoption, the hedging relationships were terminated and the financial instruments were reclassified as fair value accounting for the floating rate securitised debt. The balance in the hedging reserve is being amortised over the remaining life of the corresponding notes.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The preparation of financial statements requires the use of estimations in the process of applying the entity's accounting policies:

Derivative financial instruments

The fair values of derivative financial instruments are provided by counter party financial institutions. Consistent with International Accounting Standards, the value provided is then reduced for the company's own credit risk, in the case of credit balances, and for the counterparty's credit risk, in the case of debit balances. These adjustments are calculated by a management expert.

At 31 December 2024, the fair value of derivative financial instruments totalled £34,325,485 (2023 - £83,542,955).

Loan to fellow subsidiary undertaking

Part of the loan to a fellow subsidiary undertaking is carried at fair value. The cash flows and risk profile relating to these tranches are almost identical to those under the associated floating rate notes and derivatives. The fair value is therefore calculated to be the sum of the fair value of the associated securitised notes and the fair value of the derivative financial instruments, that include estimation uncertainty.

At 31 December 2024, the fair value of these tranches of the loan to a fellow subsidiary undertaking totalled £585,359,971 (2023 - £569,009,245).

The preparation of the financial statements also requires the application of judgement in its accounting policies:

Hedge Reserve Recycling

Hedge accounting was applied for the swaps on the B3 and C2 notes between 2007 and 2019. The balance of the hedge reserve associated with these notes was a debit balance within equity of £165,163,014. This balance is being amortised until January 2035, the remaining life of the B3 and C2 notes. This treatment is consistent with IFRS 9.6.5.12, when a cash flow hedge is discontinued and the hedged future cash flows are still expected to occur. Management have also considered IFRS 9.6.5.11(d)(iii) and concluded this is not in scope. Specifically, the reference to recoverability has been considered as not relevant in the scenario of a cash flow hedge of a financial liability.

4. AUDITORS' REMUNERATION

During the year, the company obtained the following services from the company's auditors and their associates:

	2024 £	2023 £
Fees payable to the company's auditors and their associates for the interim audit of the company's financial statements	30,900	12,600

The fees disclosed above are stated inclusive of VAT. Auditors remuneration of £78,000 (2023 - £13,860) for the year end audit of the company has been borne by another group undertaking.

5. EMPLOYEES

The Company had no employees during the year. No remuneration was paid by the Company to Directors for their services to the Company and no costs were allocated or recharged to the Company (2023 - £NIL).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2024 £	2023 £
Interest receivable from group companies	61,777,251	119,472,302
Bank interest receivable	28,710	17,388
	61,805,961	119,489,690

The above table shows the interest receivable on financial instruments recognised at amortised cost. Refer to Note 8 for the fair value movement on financial instruments recognised at fair value.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2024 £	2023 £
Interest payable on securitised debt (Note 14)	61,663,799	78,550,825
Debt modification charge	-	40,787,671
Hedge reserve recycling	10,095,584	10,057,528
	71,759,383	129,396,024

The above table shows the interest payable on financial instruments recognised at amortised cost. Refer to Note 8 for the fair value movement on financial instruments recognised at fair value.

On 22 January 2024, the company made a partial repayment of £77.1m of the A1 and a partial repayment of £192m of the A3 securitisation notes.

The repayment released security over 10 Cabot Square following the execution of the amendment of lease arrangements with Barclays Bank plc.

8. FAIR VALUE ADJUSTMENTS

	2024 £	2023 £
Derivative financial instruments	(49,217,470)	12,922,303
Securitised debt	67,595,290	(58,783,877)
Loan to fellow subsidiary undertaking	(18,377,820)	45,861,574
	-	-

9. TAXATION

	2024 £	2023 £
Deferred tax		
Taxation on profit on ordinary activities	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

In October 2022, the government announced changes to the Corporation Tax rate from 1 April 2023, increasing the main rate of Corporation Tax to 25%.

The tax assessed for the year the standard rate of corporation tax in the UK of 25% (2023 - 23.5%). The differences are explained below:

	2024 £	2023 £
Loss on ordinary activities before tax	(9,984,110)	(9,973,236)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 23.5%)	(2,496,028)	(2,345,760)
Effects of:		
Hedge recycling reserve movements not subject to tax	2,523,897	2,365,586
Group relief	(27,869)	(19,826)
Total tax charge for the year	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 25% (2023 – 23.5%).

10. DEBTORS

	2024 £	2023 £
Due after more than one year		
Loan to fellow subsidiary undertaking due after more than one year	951,493,272	955,034,884
	951,493,272	955,034,884

	2024 £	2023 £
Due within one year		
Other amounts owed by fellow subsidiaries	2,891,559	15,937,764
Loan to fellow subsidiary undertaking due within one year	18,543,910	325,526,903
Accrued interest on loan to fellow subsidiary undertaking	12,140,191	15,331,476
	33,575,660	356,796,143

	2024 £	2023 £
The loan to a fellow subsidiary undertaking comprises:		
At 1 January	1,280,561,787	1,318,467,636
Repaid in the year	(325,526,905)	(29,325,200)
Amortisation of issue premium	(1,348,326)	(1,531,718)
Movement in accrued financing expenses	(2,027,194)	(1,975,028)
Fair value adjustment	18,377,820	(45,861,574)
Debt modification charge	-	40,787,671
At 31 December	970,037,182	1,280,561,787

Comprising:

	2024 £	2023 £
Loan to fellow subsidiary undertaking due after more than one year	951,493,272	955,034,884
Loan to fellow subsidiary undertaking due within one year	18,543,910	325,526,903
	970,037,182	1,280,561,787

The fair value of the loans to group undertakings at 31 December 2024 was £973,174,715 (2023 - £1,230,025,065), calculated by reference to the fair values of the Company's financial liabilities. In the event that the company were to realise the fair value of the securitised debt and 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. As such, the fair value of the loans to group undertakings is calculated to be the sum of the fair value of the securitised debt and the fair value of the derivative financial instruments.

Amounts owed by group undertakings are interest free and repayable on demand.

The expected credit loss model has been considered and any impairment loss of the financial assets measured at amortised cost would be immaterial.

The loan to the company's fellow subsidiary undertaking was made in tranches, the principal terms are:

	Interest	Effective interest	Repayment	2024 £m	2023 £m
A1	6.455%	5.692%	By instalment 2009-2033	68.7	154.5
A3	5.952%	5.736%	By instalment 2024-2037	208.0	400.0
A7	5.114%	5.298%	January 2035	222.0	222.0
B	6.800%	6.409%	By instalment 2005-2030	100.2	107.1
B3	5.163%	5.435%	January 2035	77.9	77.9
C2	5.442%	6.059%	January 2035	239.7	239.7
D2	5.801%	6.743%	January 2035	125.0	125.0
				1,041.5	1,326.2
Unamortised premium				7.8	9.4
Accrued financing costs				10.9	12.9
				1,060.2	1,348.5

The A7, B3, C2 and D2 tranches of the intercompany loan are carried at fair value. The A1, A3 and B2 tranches are carried at amortised cost. The total fair value of the intercompany loan was £973,174,715 (2023: £1,230,025,065).

The total carrying value of the loan is £970m. Of the carrying value of £970m, £385m is carried at amortised cost and £585m is carried at fair value.

The carrying value of financial assets represents the Company's maximum exposure to credit risk.

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

	2024 £	2023 £
Within one year	81,890,007	353,257,557
In one to two years	77,917,648	81,890,076
In two to five years	223,856,604	227,576,085
In five to ten years	533,804,465	500,632,089
In ten to twenty years	690,813,620	798,214,780
At 31 December	1,608,282,344	1,961,570,587

	2024 £	2023 £
Comprising:		
Principal repayments	1,041,472,486	1,326,211,720
Interest repayments	566,809,858	635,358,867
At 31 December	1,608,282,344	1,961,570,587

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

Other amounts owed by the group undertakings are interest free and repayable on demand.

11. CASH AT BANK AND IN HAND

	2024 £	2023 £
Restricted cash	3,017,545	2,082,013
	3,017,545	2,082,013

Restricted cash represents the balance held for loan interest and principal repayments due on the secured debt. The cash is contractually restricted, transactions are instructed from the account in line with a cash management agreement.

12. CREDITORS: Amounts falling due within one year

	2024 £	2023 £
Securitised debt (Note 14)	18,543,912	325,526,905
Trade creditors	7,500	-
Amounts owed to group undertakings	-	12,181,686
Accruals and deferred income	12,199,521	15,438,767
	30,750,933	353,147,358

Amounts owed to the group undertakings are interest free and repayable on demand.

On 22 January 2024, the company made a partial repayment of £77.1m of A1 and a partial repayment of £192m of A3 securitisation notes. The repayment released security over 10 Cabot Square following the execution of the amendment of lease arrangements with Barclays Bank plc.

On the same date, the same amounts have been repaid by a fellow subsidiary undertaking to the company in order to facilitate the repayments of the loan notes.

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

	2024 £	2023 £
Securitised debt (Note 14)	917,167,787	871,491,929
Derivative financial instruments (Note 15)	34,325,485	83,542,955
	951,493,272	955,034,884

14. SECURITISED DEBT

The amounts at which borrowings are stated comprise:

	2024 £	2023 £
At 1 January	1,197,018,834	1,247,846,985
Repaid in the year	(325,526,905)	(29,325,200)
Amortisation of issue premium	(1,348,326)	(1,531,718)
Movement in accrued financing expenses	(2,027,194)	(1,975,027)
Fair value adjustment	67,595,290	(58,783,877)
Debt modification	-	40,787,671
At 31 December	935,711,699	1,197,018,834

	2024	2023
	£	£
Payable within one year or on demand	18,543,912	325,526,905
Payable after more than one year	917,167,787	871,491,929
	935,711,699	1,197,018,834

The company's securitised debt was issued in tranches, with notes of classes A1, A3, A7, B, B3, C2 and D2 remaining outstanding. The A1, A3 and B notes were issued at a premium which is being amortised to the income statement over the life of the relevant notes. At 31 December 2024, £7,765,728 (2023 - £9,444,792) remained unamortised.

At 31 December 2024, there were accrued financing costs of £10,875,858 (2023: £12,903,052) relating to previous contractual increases in margins.

The notes are secured on five properties at Canary Wharf, owned by fellow subsidiary undertakings, and the rental income stream therefrom. The five properties are 1 Canada Square, 33 Canada Square, 20 Bank Street, 40 Bank Street and 20 Cabot Square/South Colonnade. On 22 January 2024, the company made a partial repayment of £77.1m of A1 and a partial repayment of £192m of A3 securitisation notes. The repayment released security over 10 Cabot Square following the execution of the amendment of lease arrangements with Barclays Bank plc.

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 31 December 2024, AIG had posted £34,034,750 as cash collateral in respect of this obligation.

The company also has the benefit of a £300m liquidity facility provided by Lloyds Bank plc, under which drawings may be made in the event of a cash flow shortage under the securitisation.

At 31 December 2024 the principal terms and fair value of the securitised debt is as follows:

Tranche	Principal £m	Fair value £m	Interest	Effective interest	Repayment
A1	68.7	71.4	6.455%	5.692%	By instalment 2009-2033
A3	208.0	214.7	5.952%	5.736%	By instalment 2024-2037
A7	222.0	190.9	Floating	5.298%	January 2035
B	100.2	101.6	6.800%	6.409%	By instalment 2005-2030
B3	77.9	63.7	Floating	5.435%	January 2035
C2	239.7	196.5	Floating	6.059%	January 2035
D2	125.0	99.9	Floating	6.743%	January 2035
	1,041.5	938.7			

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At 31 December 2023 the principal terms and fair value of the securitised debt is as follows:

Tranche	Principal £m	Fair value £m	Interest	Effective interest	Repayment
A1	154.5	162.2	6.455%	6.151%	By instalment 2009-2033
A3	400.0	392.0	5.952%	5.814%	By instalment 2032-2037
A7	222.0	170.9	Floating	5.298%	January 2035
B	107.1	107.1	6.800%	6.409%	By instalment 2005-2030
B3	77.9	56.9	Floating	5.435%	January 2035
C2	239.7	170.2	Floating	6.059%	January 2035
D2	125.0	87.5	Floating	6.743%	January 2035
	1,326.2	1,146.8			

Interest on the A1 notes, A3 notes and B notes is fixed until maturity. Interest on the floating notes is repriced every three months.

Interest on the floating rate notes is at three month SONIA plus a credit adjustment spread. The margins on the notes are: A7 notes - 0.19% per annum; B3 notes - 0.28% per annum; C2 notes - 0.55% per annum; and D2 notes - 0.84% per annum.

The floating rate notes are hedged by means of interest rate swaps and the hedged rates plus the margins are: A7 notes - 5.3984%; B3 notes - 5.5825%; C2 notes - 6.2666%; and D2 notes - 7.0605%.

The effective interest rates include adjustments for the hedges and the issue premium.

The floating rate notes are carried at FVTPL. The fixed rate notes are carried at amortised cost. The total fair value of the debt is £939m. Of the carrying value of £936m, £385m is carried at amortised cost and £551m is carried at fair value. The fair value movement is due to changes in market interest rates rather than credit risk.

The fair values of the sterling denominated notes have been determined by reference to prices available on the markets on which they are traded.

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

	2024 £	2023 £
Within one year	79,319,448	351,826,786
In one to two years	72,657,249	71,494,093
In two to five years	204,690,975	189,299,008
In five to ten years	480,747,721	440,456,869
In ten to twenty years	682,869,270	786,634,554
At 31 December	1,520,284,663	1,839,711,310

	2024 £	2023 £
Comprising:		
Principal repayments	1,041,472,487	1,326,211,720
Interest repayments	478,812,176	513,499,590
At 31 December	1,520,284,663	1,839,711,310

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

The weighted average maturity of the debentures at 31 December 2024 was 8.77 years (2023 - 7.69 years). The debentures may be redeemed at the option of the company subject to terms and conditions being met.

After taking into account the interest rate hedging arrangements, the weighted average interest rate of the company at 31 December 2024 was 6.1% (2023 - 6.1%).

Details of the derivative financial instruments are set out in Note 15.

Details of the company's risk management policy are set out in the Strategic Report.

15. DERIVATIVE FINANCIAL INSTRUMENTS

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. At 31 December 2024 the fair value of these derivatives resulted in the recognition of a net liability of £34,325,485 (2023 - £83,542,955).

At 31 December 2024, the company held the following interest rate swaps:

Hedge type	Swap rate	2024 Fair value £	2023 Fair value £
B3 interest rate swap	4.883%	3,842,482	9,577,209
C2 interest rate swap	4.892%	11,995,797	29,708,909
A7 interest rate swap	4.924%	11,613,330	28,066,112
D2 interest rate swap	4.961%	6,873,876	16,190,725
		34,325,485	83,542,955

The derivative financial instruments are measured at fair value, determined using a discounted cash flow analysis. The values are provided by a management expert who uses counter party financial institutions. The value is reduced for the company's own credit risk through a credit valuation adjustment which is not considered material.

The terms of the derivative financial instruments correlate with the terms of the financial instruments to which they relate. Consequently, the cash flows and effect on profit or loss are expected to arise over the term of the financial instrument set out above.

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

	2024 £	2023 £
Within one year	2,570,559	1,430,771
In one to two years	5,260,399	10,395,983
In two to five years	19,165,629	38,277,077
In five to ten years	53,056,744	60,175,220
In ten to twenty years	7,944,350	11,580,226
	87,997,681	121,859,277

Changes in interest rates would primarily affect the market value of derivative financial instruments. As the fair value of the loans to group undertakings is calculated to be the sum of the fair value of the securitised debt and the fair value of the derivative financial instruments, any movement in the fair value of the derivatives would be offset by a corresponding movement in the fair value of the loans from fellow subsidiary undertakings in the Statement of Comprehensive Income. As a result a change in interest rates should have no significant impact on net assets.

16. SHARE CAPITAL

	2024 £	2023 £
Allotted, called up and fully paid		
50,000 (2023 - 50,000) Ordinary shares of £1.00 each	50,000	50,000

17. RESERVES

Hedging Reserve

The company holds swaps for the B3, C2, A7 and D2 notes. From July 2019, the company has adopted IFRS 9 for the measurement and classification of financial instruments, replacing the previous IAS39 criteria, the company carries the B3, C2, A7 and D2 notes and the associated tranches of its intercompany loans at fair value through profit and loss. There is no continuing hedge accounting.

The hedging reserve balance comprises the unamortised balance of the discontinued hedge accounting on for the B2, C1, B3 and C2 notes.

Hedge accounting was applied for swaps on the B2 and C1 notes between 2005 and 2007, when the B2 and C1 notes were replaced by B3 and C2 notes. The combined balance in the hedging reserve at that time was a credit balance of £14,680,000, which is being amortised to October 2027, the remaining life of the B2 and C1 notes. At the year end, the unamortised balance was £805,826 (2023: £1,157,129).

Hedge accounting was applied for swaps on the B3 and C2 notes between 2007 and 2019. The balance of the hedge reserve associated with these notes was a debit balance within capital and reserves of £165,163,014, which is being amortised until January 2035, the remaining life of the B3 and C2 notes. At the year end, the unamortised balance was £107,705,135 (2023: £118,152,022).

Distributable reserves

The distributable reserves of the company differ from its retained earnings as follows:

	2024 £	2023 £
Retained earnings	112,691,581	122,675,691
Hedging reserve	(106,899,309)	(116,994,893)
Distributable reserves	5,792,272	5,680,798

18. OTHER FINANCIAL COMMITMENTS

As at 31 December 2024 and 31 December 2023 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 14.

19. CONTROLLING PARTY

The company's immediate parent undertaking is Canary Wharf Finance Holdings Limited.

As at 31 December 2024, the smallest group of which the company is a member and for which group financial statements are drawn up is the consolidated financial statements of Canary Wharf Group Investment Holdings plc. Copies of the financial statements may be obtained from the Company Secretary, One Canada Square, Canary Wharf, London E14 5AB.

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

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

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