

Canary Wharf Finance II plc

Issued June 2000/June 2001/February 2002/October 2002/May 2005/April 2007

Class A1 6.455% Fixed Rate First Mortgage Debentures due 2033

Class A3 5.952% Fixed Rate First Mortgage Debentures due 2037

Class A7 Floating Rate First Mortgage Debentures due 2037

Class B 6.800% Fixed Rate First Mortgage Debentures due 2033

Class B3 Floating Rate First Mortgage Debentures due 2037

Class C2 Floating Rate First Mortgage Debentures due 2037

Class D2 Floating Rate First Mortgage Debentures due 2037

QUARTERLY UPDATE

Canary Wharf Group updates information on the securitisation quarterly.

The enclosed statistics are as at 31/12/11 except for the LMCTV ratio which is based on valuations as at 30/06/11.

HIGHLIGHTS

Properties 96.6% let at 31December 2011.

Valuations as at 30 June 2011 were £3,255.0 M

Briefing Note

The following update refers to the period up to the January 2012 interest payment date.

On 20 September 2011 Canary Wharf Finance II PLC as Issuer announced that it had been approached by Gibraltar Holdings Limited ('GHL'), CWCB Properties DS6 Limited (the 'DS6 Borrower') and Banque AIG ('the DS6 GIC Provider') who requested certain amendments to the DS6 GIC Agreement and the DS6 Master Definitions Agreement. The requested changes are to reflect the fact that the DS6 GIC Provider will cease to perform licensed borrowing activity or related activities. Banque AIG confirmed that the de-licensing will not affect the ability of Banque AIG to act as the DS6 GIC Provider in accordance with the DS6 GIC Agreement. The Trustee approved the amendments as being not materially prejudicial to the interest of the note holders.

Capitalised terms used above have the meanings given to them in the Sixth Restated Master Definitions Agreement entered into between, amongst others, the Issuer and the Trustee on 17 November 2010.

For further information please see the full 20 September 2011 announcement made by the Issuer on the Canary Wharf website.

Recent highlights regarding the mortgaged properties include –

- HSBC has renegotiated its break option and now will be breaking its lease on floor 8 (27,104 sqft) instead of floor 7 of One Canada Square. The break will take effect from March 2012, rather than December 2011 as previously disclosed. No such option was exercised in respect of floors 7 & 9 and as a result HSBC have been granted a further two months rent free on those floors (54,240 sqft) under the terms of the original lease.
- In November 2011 Newland Chase leased part of floor 10 (1,584 sqft) of One Canada Square for a term of 5 years.
- In December, Satyam vacated floor 10 (2,237 sqft) of One Canada Square, which had been occupied under a 'Tenancy at Will' since October 2011.
- In January 2012, Bank New York Mellon extended their lease of floors 40, 41, 43, 47-49 (totalling 152,226 sqft) of One Canada Square for a term of eight years beginning January 2014, at a rent of £42.50/ sqft subject to an 18 months rent free period. Floors 40 & 41 are subject to a tenant-only break option at year 5, subject to a penalty equalling 10 months rent.

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The rental income figures for the pre-asset substitution properties below are based on actual receipts for Q4 2011.

Property Portfolio Summary

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA ⁽¹⁾	Actual Quarterly Rental Income Q4 2011	Estimated Annual Rental Income	Market Value ⁽²⁾
33 Canada Square	562,700 sq ft	562,700 sq ft	562,700 sq ft	£5.0m	£20.1	£366.0m
One Canada Square	1,236,200 sq ft	1,220,700 sq ft	1,048,366 sq ft	£8.1m	£46.5 ⁽³⁾	£650.0m
20 Bank Street	546,500 sq ft	546,500 sq ft	546,500 sq ft	£6.6m	£26.2	£430.0m
40 Bank Street	607,400 sq ft	607,400 sq ft	602,465 sq ft	£6.6m	£25.3 ⁽³⁾	£401.0m
10 Upper Bank Street	1,000,400 sq ft	1,000,400 sq ft	1,000,400 sq ft	£11.1m	£44.2	£720.0m
10 Cabot Sq/5 North Colonade	639,000 sq ft	639,000 sq ft	639,000 sq ft	£4.9 m	£19.7 ⁽⁵⁾	£370.0m
20 Cabot Sq/10 South Colonade	562,000 sq ft	562,000 sq ft	562,000 sq ft	£3.9m	£15.9 ⁽⁵⁾	£318.0m
Subtotal post substitution	5,154,200 sq ft	5,138,700 sq ft	4,961,431 sq ft	£46.2m	£197.9 ⁽⁴⁾	£3,255.0m

Notes:

(1) Area let as at 31st December 2011.

(2) MV based valuation of the properties at 30th June 2011.

(3) Rent receivable after expiry of rent-free periods and including potential rental income on unlet space, where applicable.

(4) Estimated annual rental income based on annualised rent for the quarter to 31st December 2011.

(5) Building substantially let to Barclays Bank Plc. The rent will be subject to RPI increases with a 0% floor and a 5% cap compounded annually over the first 5 years with subsequent annual RPI increases over the rest of the term until the expiry of the lease in June 2032.

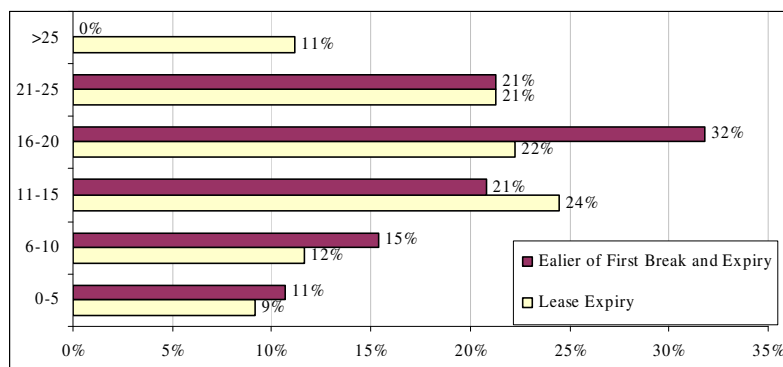
Occupancy

At 31 December 2011 the securitised property portfolio was 96.6% let.

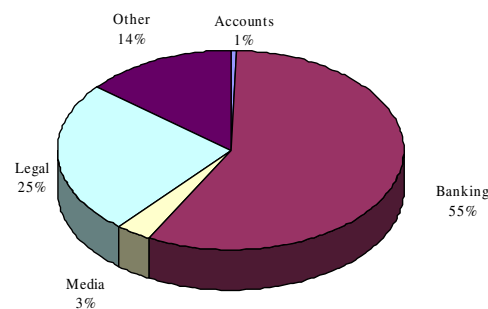
Rent Reviews

	Area	Passing Rent
Outstanding Rent Reviews	552,299 sqft	£26,481,547

Analysis of Office Lease Expiries and Breaks (Note 1 & 2)



Concentration of Leases by Area



(1) The weighted average unexpired lease term of the securitised office portfolio (by sqft) was 15.8 years. The weighted average lease term reflecting all break options was 14.2 years.

Major Tenants:

33 Canada Square

Citigroup

One Canada Square

Bank of New York
Mirror Group Newspapers
Moody's Investor Services
State Street
FSA
HSBC
BBVA

20 Bank Street

Morgan Stanley UK Group

40 Bank Street

Skadden Arps
Allen & Overy
BGC International
Barclays Bank plc
Shell International Limited

10 Upper Bank Street

Clifford Chance LLP

5 North Colonade

Barclays Bank Plc

10 South Colonade

Barclays Bank Plc

Financial Considerations

	Quarter 4 2011 actuals
Gross Rental (cash received in Q4 2011)	£46.2 m
B3 Defeasance	(£0.1 m)
C2 Defeasance	(£0.1 m)
Senior Expenses ⁽¹⁾	(£0.9 m)
Gross Debt	£2,390.2 m
Cash Reserves	(£66.1 m)
Net Debt	<u>£2,324.1 m</u>

Quarter 4 2011 Actuals

The Interest Cover and Debt Service Cover ratios have been calculated on the basis of total interest costs, including payments to interest swap providers for the quarter.

Class	Amount ⁽²⁾	Interest ⁽³⁾	Principal ⁽⁴⁾	Reserve Releases	Interest Cover Ratio	Debt Service Cover Ratio	LMCTV
AAA	£1,697.8m	(£26.3 m)	(£12.7 m)		1.72 x	1.36 x	50.1%
AA	£292.4 m	(£4.6 m)	(£1.7 m)	£0.27 m	1.46 x	1.14 x	59.1%
A	£275.0 m	(£3.7 m)		£3.73 m	1.31 x	1.04 x	67.6%
BBB	£125.0 m	(£1.8 m)		£1.81 m	1.24 x	1.00 x	71.4%
	<u>£2,390.2 m</u>	<u>(£36.4 m)</u>	<u>(£14.4 m)</u>	<u>£5.8 m</u>			

Reserve	Opening Balance ⁽⁵⁾	Period Movement	Closing Balance ⁽⁵⁾
Void Costs Ledger			
Cash Ledger	£43.2 m	(£4.6 m)	£38.6 m
B3 Defeasance Ledger	£0.4 m	£0.1 m	£0.5 m
C2 Defeasance Ledger	£0.9 m	£0.1 m	£1.0 m
Subtotal Coverage Reserves	£44.5 m	(£4.4 m)	£40.1 m
Cash Collateral	£29.3 m	(£3.3 m)	£26.0 m
Total Reserves	£73.8 m	(£7.7 m)	£66.1 m

Notes:

- (1) Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- (2) Total outstanding debt at 22nd January 2012, interest payable date.
- (3) Interest paid on 22nd January 2012. Comprises bond interest of £29.3m and payments under interest rate swaps of £7.1m.
- (4) Amortisation paid on 22nd January 2012.
- (5) Opening balance is as at 22nd October 2011, closing balance is at 22nd January 2012..