CANARY WHARF FINANCE II PLC

19 AUGUST 2008

30 JUNE 2008 HALF YEARLY FINANCIAL REPORT

Pursuant to sections 4.2 and 6.3.5 of the Disclosure and Transparency Rules the board of Canary Wharf Finance II plc is pleased to publish its half yearly financial report for the period ended 30 June 2008, which will shortly be available from www. canarywharf.com/Investor Relations.

Two copies of the 30 June 2008 Half Yearly Financial Report will be submitted to the UK Listing Authority ("UKLA") in accordance with Paragraph 9.6.1. The documents will shortly be available for inspection at the UKLA's Document Viewing Facility, which is situated at 25 North Colonnade, Canary Wharf, London E14 5HS.

INTERIM MANAGEMENT REPORT

BUSINESS REVIEW

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

The principal activity of the company is to act as a finance company. The company is engaged in the provision of finance to the Canary Wharf group, comprising Canary Wharf Group plc and its subsidiaries ('the group'). All activities take place within the United Kingdom.

At 30 June 2008, the company had £2,555,267,362 (31 December 2007: £2,558,722,801) of notes listed on the London Stock Exchange and had lent the proceeds to a fellow subsidiary undertaking, CW Lending II Limited. The notes are secured on the rental stream from certain property interests at Canary Wharf held by fellow subsidiary undertakings.

As shown in the company's profit and loss account, the company's profit after tax for the six month period was £10,724,786 (period ended 30 June 2007: £19,668,905).

The balance sheet shows the company's financial position at the period end and indicates that net assets were £3,827,454 (31 December 2007: liabilities of £18,201,329).

The financial position of the company as indicated by its balance sheet is impacted by the application of Financial Reporting Standard 26 (Financial Instruments: Recognition and

Measurement) ('FRS 26') and its impact on other financial reporting standards. Adjusting for the effects of FRS 26 the net asset value of the company at 30 June 2008 was as follows:

31 December 2007 £		30 June 2008 £	30 June 2007 £
(18,201,329)	Net assets/(liabilities) per balance sheet	3,827,454	37,891,973
20,989,000	Effects of FRS 26	(843,000)	(35,218,000)
2,787,671	Adjusted net assets	2,984,454	2,673,973

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

KEY PERFORMANCE INDICATORS

31 December 2007 £		30 June 2008 £	30 June 2007 £
2,558,722,801	Securitised debt	2,555,267,362	2,562,178,240
151,516,295	Financing cost (before adjustments for FRS 26)	76,985,149	74,117,105
359,523	Adjusted profit before tax and FRS 26	196,783	245,824
18.8 years	Weighted average maturity of debt	18.4 years	19.3 years
6.2%	Weighted average interest rate	6.2%	6.2%

The adjusted profit before tax comprises the profit on ordinary activities before tax of £10,724,786 (period ended 30 June 2007: £19,668,905) adjusted for the FRS 26 items listed in Note 3, totalling £10,528,003 (period ended 30 June 2007: £19,423,081).

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties facing the business are monitored through continuing assessment by management and formal quarterly review and discussion at audit committee and board level for the group. Board and audit committee discussion focuses on the risks identified as part of the system of internal control which highlights key risks faced by the company and allocates specific day to day monitoring and control responsibilities to management. As a provider of finance to the group, these key risks include the cyclical nature of the property market, concentration risk and financing risk.

These risks, which are summarised below, relate both to the first six months and the second six months of the year and are unchanged from the risks and uncertainties disclosed in the directors' report to the financial statements for the year ended 31 December 2007.

The cyclical nature of the property market

The property market is subject to factors such as the oversupply of available space in the office market or a decline in tenant demand for space. Such factors are monitored in order to ensure that the company can react promptly should the need arise.

Concentration risk

The properties on which the company's debt is secured are currently located on or adjacent to the Canary Wharf Estate. Wherever possible steps are taken to mitigate or avoid the material consequences arising from this concentration.

Financing risk

The broader economic cycle inevitably leads to movement in inflation, interest rates and bond yields. The company holds debenture finance, principally in sterling at both fixed and floating rates and uses interest rate swaps to modify its exposure to interest rate fluctuations.

DIRECTORS' RESPONSIBILITY STATEMENT

The board of directors, comprising G Iacobescu, A P Anderson II and B Niles, confirm to the best of their knowledge that:

a) the condensed set of financial statements on pages 6 to 12, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by Rule 4.2.4 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority ('the DTRs'); and

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

Signed on behalf of the board by:

A P Anderson II

Director

19 August 2008

INDEPENDENT REVIEW REPORT TO CANARY WHARF FINANCE II PLC

We have been engaged by the company to review the condensed set of financial statements in the half yearly financial report for the six months ended 30 June 2008 which comprises the profit and loss account, the statement of total recognised gains and losses, the balance sheet, and related notes 1 to 9. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. Our work has been undertaken so that we might state to the company those matters we are required to state to them 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.

Directors' responsibilities

The half yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. 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 Ireland) 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.

Conclusion

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 six months ended 30 June 2008 is not prepared, in all material respects, in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

19 August 2008

London, United Kingdom

UNAUDITED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

Audited Year ended 31 December 2007 £		Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007

		Note	£	£
(7,050)	Administrative expenses		(7,050)	-
(7,050)	OPERATING LOSS		(7,050)	-
151,882,868	Interest receivable and similar income	2	77,188,982	74,362,929
(157,536,978)	Interest payable and similar charges	3	(66,457,146)	(54,694,024)
(5,661,160)	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,724,786	19,668,905
-	Tax on (loss)/profit on ordinary activities	4	-	-
(5,661,160)	(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR	8	10,724,786	19,668,905

All amounts relate to continuing activities in the United Kingdom.

The Notes on pages 9 to 12 form an integral part of this Half Yearly Financial Report.

The interim results for the six months ended 30 June 2008 were approved by the Board of Directors on 19 August 2008.

UNAUDITED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE SIX MONTHS ENDED 30 JUNE 2008

Audited Year ended 31 December 2007		Unaudited Six months ended 30 June 2008	Unaudited Six months ended 30 June 2007
£		£	£
(5,661,160)	(Loss)/profit for the financial year	10,724,786	19,668,905
(4,553,178)	Fair value adjustment on effective hedging instruments	13,777,756	29,762,042
2,967,178	Receipts from effective hedging instruments	(1,927,756)	(1,140,042)
9,152,705	Termination of hedge reserve recycling	-	9,152,705
(646,657)	Hedge reserve recycling	(546,003)	(91,420)
1,258,888	Total recognised gains relating to the year	22,028,783	57,352,190

The Notes on pages 9 to 12 form an integral part of this Half Yearly Financial Report.

UNAUDITED BALANCE SHEET AS AT 30 JUNE 2008

Audited	Unaudited	Unaudited

31 December 2007 £		Note	30 June 2008 £	30 June 2007 £
	CURRENT ASSETS			
	Debtors:	5		
2,625,079,707	Amounts falling due after one year		2,620,527,116	2,666,278,515
41,254,638	Amounts falling due within one year		42,795,911	39,394,575
617,394	Cash at bank		820,885	456,206
2,666,951,739			2,664,143,912	2,706,129,296
(39,084,360)	CREDITORS: Amounts falling due within one year	6	(40,632,340)	(37,176,808)
2,627,867,379	NET CURRENT ASSETS		2,623,511,572	2,668,952,488
2,627,867,379	TOTAL ASSETS LESS CURRENT LIABILITIES		2,623,511,572	2,668,952,488
(2,646,068,708)	CREDITORS: Amounts falling due after more than one year	7	(2,619,684,118)	(2,631,060,515)
(18,201,329)	NET ASSETS/(LIABILITIES)		3,827,454	37,891,973
	CAPITAL AND RESERVES			
50,000	Called-up share capital		50,000	50,000
3,300,321	Hedging reserve	8	14,604,318	34,063,557
(21,551,650)	Profit and loss account	8	(10,826,864)	3,778,416
(18,201,329)	SHAREHOLDER'S FUNDS/(DEFICIT)		3,827,454	37,891,973

The Notes on pages 9 to 12 form an integral part of this Half Yearly Financial Report.

NOTES TO THE HALF YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. PRINCIPAL ACCOUNTING POLICIES

The half yearly financial report has been prepared in accordance with pronouncements on interim reporting issued by the Accounting Standards Board, and on the basis of the accounting policies set out in the company's financial statements for the year ended 31 December 2007, which are prepared in accordance with UK GAAP.

The financial information relating to the six months periods ended 30 June 2008 and 30 June 2007 is unaudited.

The results for the year ended 31 December 2007 are not statutory accounts as defined in Section 240 of the Companies Act 1985. A copy of the statutory accounts for the year has been delivered to the Registrar of Companies. The audit report on those accounts was not qualified, did not contain a reference to any matters which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under Section 237(2) or (3) of the Companies Act 1985.

£		£	£
	Due within one year:		
39,131,220	Loans to fellow subsidiary undertaking	40,677,267	37,292,641
2,116,306	Amount owed by fellow subsidiary undertaking	2,109,256	2,096,181
7,112	Accrued interest receivable	9,388	5,753
41,254,638		42,795,911	39,394,575
	Due in more than one year:		
	-Derivative financial instruments	1,415,000	35,218,000
2,625,079,707	Loans to fellow subsidiary undertaking	2,619,112,116	2,631,060,515
2,625,079,707		2,620,527,116	2,666,278,515

The loans to a fellow subsidiary undertaking bear fixed rates of interest between 5.12% and 6.81% and are repayable in instalments between 2005 and 2035. At 30 June 2008 the fair value of the loan was £2,355,076,000 (31 December 2007: £2,606,215,000), calculated by reference to the fair values of the company's financial liabilities.

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

6. CREDITORS: Amounts falling due within one year

Audited 31 December 2007		Unaudited 30 June 2008	Unaudited 30 June 2007
£		£	£
39,077,310	Securitised debt (Note 7)	40,625,290	37,176,808
7,050	Accruals and deferred income	7,050	-
39,084,360		40,632,340	37,176,808

The amount of the securitised debt due within one year comprises £33,714,410 (31 December 2007: £32,166,430) of interest and £6,910,880 (31 December 2007: £6,910,880) of capital.

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

Audited 31 December 2007		Unaudited 30 June 2008	Unaudited 30 June 2007
£		£	£
2,625,079,708	Securitised debt	2,619,112,118	2,631,060,515
20,989,000	Derivative financial instruments	572,000	-
2,646,068,708		2,619,684,118	2,631,060,515

The securitised debt has a face value of £2,555,267,362 (31 December 2007: £2,558,722,801), of which £1,829,267,362 (31 December 2007: £1,832,722,801) carries fixed rates of interest between

5.95% and 6.80%. The other £726,000,000 (31 December 2007: £726,000,000) of the securitised debt carries floating rates of interest at LIBOR plus a margin. 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. The hedged rates of the floating notes, including the margins, are between 5.12% and 5.80%.

The market value of the securitised debt at 30 June 2008 was £2,354,233,000 (31 December 2007: £2,585,226,000). At 30 June 2008 the fair value of the interest rate derivatives resulted in the recognition of a net asset of £843,000 (31 December 2007: liability of £20,989,000). Of this amount, assets totalling £1,239,000 were in respect of interest rate swaps which qualify for hedge accounting (31 December 2007: liabilities totalling £10,611,000) and net liabilities of £396,000 was in respect of interest rate swaps which do not qualify for hedge accounting (31 December 2007: liabilities of £10,378,000).

The amounts at which the securitised debt is stated comprise:

Audited 31 December 2007		Unaudited 30 June 2008	Unaudited 30 June 2007
£		£	£
2,431,843,021	Brought forward	2,631,990,588	2,431,843,021
(581,447,372)	Repaid in period	(3,455,440)	(577,991,932)
726,000,000	Drawn down in period	-	726,000,000
(5,050,696)	Deferred financing expenses	(2,512,150)	(2,525,329)
60,645,635	Cross currency translation	-	60,645,635
2,631,990,588	Carried forward	2,626,022,998	2,637,971,395
6,910,880	Payable within one year or ondemand	6,910,880	6,910,880
2,625,079,708	Payable after more than oneyear	2,619,112,118	2,631,060,515
2,631,990,588		2,626,022,998	2,637,971,395

Certain of the A1, A3 and B notes were issued at a premium which is being amortised to the profit and loss account on a straight-line basis over the life of the relevant notes. At 30 June 2008 £70,755,636 (31 December 2007: £73,267,787) remained unamortised.

The notes are secured on certain property interests in fellow subsidiary undertakings and the rental income stream therefrom.

8. RESERVES

	Hedging reserve	Profit and loss account	Total
	£	£	£

At 1 January 2008	3,300,321	(21,551,650)	(18,251,329)
Profit for the period	–	10,724,786	10,724,786
Fair value adjustment on effective hedging instruments	13,777,756	–	13,777,756
Receipts from effective hedging instruments	(1,927,756)	–	(1,927,756)
Movements on discontinued hedge accounting transferred to the profit and loss account	(546,003)	–	(546,003)
At 30 June 2008	14,604,318	(10,826,864)	3,777,454

9. CAPITAL COMMITMENTS

As at 30 June 2008 the company had given a fixed charge over all its assets, including first fixed charges over its bank accounts, to secure the notes referred to in Note 7.

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