CANARY WHARF FINANCE II PLC
31 AUGUST 2016

PUBLICATION OF THE HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of Canary Wharf Finance II plc is pleased to announce the publication of its half yearly financial report for the six months ended 30 June 2016, which will shortly be available from www.canarywharf.com/Investor Relations.

The information contained within this announcement, which was approved by the board of directors on 30 August 2016, does not comprise statutory accounts within the meaning of the Companies Act 2006 and is provided in accordance with the Disclosure and Transparency Rules.

A copy of the 30 June 2016 half yearly financial report will be submitted to the UK Listing Authority via the National Storage Mechanism and will shortly be available to the public for inspection at www.hemscott.com/nsm.do.

Dated: 31 August 2016

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CANARY WHARF FINANCE II PLC

INTERIM MANAGEMENT STATEMENT

This interim management statement relates to the six months ended 30 June 2016 and contains information that covers the period from 1 January 2016 to 30 August 2016, the date of publication of this interim management statement.

BUSINESS REVIEW

The company is a subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Stork HoldCo LP, an entity registered in Bermuda.

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

At 30 June 2016, the company had £1,546,150,720 (31 December 2015: £1,560,813,320) of notes listed on the London Stock Exchange and had lent the proceeds to a fellow subsidiary undertaking, CW Lending II Limited ('the Borrower') under a loan agreement ('the Intercompany Loan Agreement'). The notes are secured on a pool of properties at Canary Wharf, owned by fellow subsidiary undertakings, and the rental income therefrom.

Results for the period

As shown in the company's Profit and Loss Account, the company's loss after tax for the six month period was £51,134,024 (period ended 30 June 2015: profit of £16,023,247).

This loss included an unrealised fair value loss on derivative financial instruments and hedge reserve recycling, net of deferred tax, of £51,145,992 (period ended 30 June 2015: gain of £15,944,884). Excluding the fair value loss movement on derivative financial instruments, hedge reserve recycling and deferred tax, the profit for the period was £11,968 (period ended 30 June 2015: £78,363).

The balance sheet shows the company's financial position at the period end and indicates that net liabilities were £320,450,286 (31 December 2015: £226,289,338).

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

In adopting FRS 102, the company elected to apply IAS 39 (Financial Instruments: Recognition and Measurement).

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

Adjusting for the effects of IAS 39 and the deferred tax arising, the underlying net asset value of the company at 30 June 2016 was as follows:

Audited 31 December 2015 £		Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
(226,289,338)	Net liabilities per balance sheet	(320,450,286)	(224,156,778)
281,962,423	Add back: Effects of IAS 39 (Note 8)	396,807,442	286,230,000
(50,753,236)	Less: Deferred tax thereon (Note 4)	(71,425,339)	(57,246,000)
4,919,849	Adjusted net assets	4,931,817	4,827,222

Audited 31 December 2015 £		Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
1,560,813,320	Securitised debt	1,546,150,720	1,575,475,922
93,928,895	Financing cost (before adjustments for IAS 39)	46,180,076	46,998,785
170,990	Adjusted profit before tax and IAS 39	11,968	78,363
15.3 years	Weighted average maturity of debt	14.9 years	15.6 years
6.2%	Weighted average interest rate	6.1%	6.2%

The adjusted profit before tax comprises the loss on ordinary activities before tax of £62,361,191 (30 June 2015: profit of £20,009,467) adjusted for the IAS 39 items listed in Note 3 totalling a loss of £62,373,160 (30 June 2015: gain of £19,931,104).

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

GOING CONCERN

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

At 30 June 2016 the company had a deficit of £320,450,286 attributable solely to the fair value of its derivative financial instruments and deferred tax thereon. The company recognises the fair value of its derivative financial instruments in the balance sheet. In the event that the company were to realise the fair value of the derivative financial instruments, it would have the right to recoup its losses as a repayment premium on its loans to CW Lending II Limited. The standard does not permit this potential asset to be accounted for in conjunction with the hedges.

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Cyclical nature of the property market

The valuation of the Canary Wharf Group's assets is subject to many external economic and market factors. Following the turmoil in the financial markets and uncertainty in the Eurozone experienced in recent years, the London real estate market has had to cope with fluctuations in demand. The market has, however, been assisted by the continuing presence of overseas investors attracted by the relative transparency of the real estate market in London which is viewed as both stable and secure. The market has also been underpinned by continuing demand for sites capable of incorporating residential development. Recent Government announcements have, however, contributed to a slowing of residential land prices. In particular, there is uncertainty over the full impact of the changes to stamp duty on the residential property market. The full implications of the EU referendum held on 23 June 2016, which resulted in a vote to leave the EU, are also not yet clear. In the meantime, there is likely to be significant uncertainty which will undermine confidence across the whole real estate sector.

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

Concentration risk

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

Financing risk

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

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

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

The company is not subject to externally imposed capital requirements.

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

The maximum LMCTV ratio is 100.0%. Based on the 30 June 2016 valuations of the properties upon which the company's notes are secured, the LMCTV ratio at the interest payment date in July 2016 was 46.1%. The securitisation is not subject to a minimum interest coverage ratio. A breach of certain financial covenants can be remedied by depositing eligible investments (including cash).

DIRECTORS' RESPONSIBILITY STATEMENT

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

- the condensed set of financial statements on pages 8 to 18 which has been prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as required by Rule 4.2.4 of the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority (the 'DTRs'); and

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

CANARY WHARF FINANCE II PLC

PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Audited Year ended 31 December 2015 £			Unaudited Six months ended 30 June 2016 £	Unaudited Six months ended 30 June 2015 £
(7,902)	Administrative expenses		–	(7,902)
(7,902)	**OPERATING LOSS**		–	(7,902)
94,107,787	Interest receivable before exceptional items	2	46,219,527	47,085,050
	Exceptional items:			
10,892,606	Accrued premium on repayment of loan by fellow subsidiary undertaking	2	5,439,147	5,439,147
(71,288,039)	Interest payable and similar charges before exceptional items	3	(108,580,719)	(27,067,681)
	Exceptional items:			
(10,892,606)	Provision for premium on repayment of class A1 notes	3	(5,439,147)	(5,439,147)
22,811,846	**(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**		(62,361,192)	20,009,467
(7,616,969)	Tax on (loss)/profit on ordinary activities	4	11,227,168	(3,986,220)
15,194,877	**(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD/YEAR**		(51,134,024)	16,023,247

All amounts relate to continuing activities in the United Kingdom.

The Notes numbered 1 to 10 form an integral part of this Half Yearly Financial Report.

The Half Yearly Financial Report for the six months ended 30 June 2016 was approved by the Board of Directors on 30 August 2016

CANARY WHARF FINANCE II PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

Audited Year ended 31 December 2015 £		Unaudited Six months ended 30 June 2016 £	Unaudited Six months ended 30 June 2015 £
15,194,877	(Loss)/Profit for the financial period/year	(51,134,024)	16,023,247
7,919,060	Fair value movement on effective hedging instruments	(59,000,999)	12,898,648
13,728,075	Interest paid on effective hedging instruments	6,852,273	6,859,011
(671,804)	Hedge reserve recycling	(323,133)	(340,152)
(6,745,517)	Tax relating to components of other comprehensive income	9,444,935	(3,883,502)
29,424,691	Total comprehensive (loss)/income for the period/year	(94,160,948)	31,557,252

The Notes numbered 1 to 10 form an integral part of this Half Yearly Financial Report.

CANARY WHARF FINANCE II PLC

BALANCE SHEET
AS AT 30 JUNE 2016

Audited 31 December 2015 £			Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
	CURRENT ASSETS			
	Debtors	**5**		
1,628,429,560	Amounts falling due after one year		1,633,217,288	1,650,835,165
234,089,430	Amounts falling due within one year		239,202,180	228,683,731
25,073,662	Cash at bank	**6**	25,109,848	24,984,925
1,887,592,652			1,897,529,316	1,904,503,821
(69,808,719)	**CREDITORS: Amounts falling due within one year**	**7**	(69,506,540)	(69,860,369)
1,817,783,933	**NET CURRENT ASSETS**		1,828,022,776	1,834,643,452
1,817,783,933	**TOTAL ASSETS LESS CURRENT LIABILITIES**		1,828,022,776	1,834,643,452
(1,859,638,750)	**CREDITORS: Amounts falling due after more than one year**	**8**	(1,958,599,394)	(1,879,819,168)
(184,434,521)	Provision for liabilities	**9**	(189,873,668)	(178,981,062)
(226,289,338)	**NET LIABILITIES**		(320,450,286)	(224,156,778)
	CAPITAL AND RESERVES			
50,000	Called-up share capital		50,000	50,000
(104,568,461)	Hedging reserve		(147,595,385)	(103,264,270)
(121,770,877)	Profit and loss account		(172,904,901)	(120,942,508)
(226,289,338)	**SHAREHOLDER'S DEFICIT**		(320,450,286)	(224,156,778)

The Notes numbered 1 to 10 form an integral part of this Half Yearly Financial Report.

CANARY WHARF FINANCE II PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Called-up share capital £	Hedging reserve £	Profit and loss account £	Total £
At 1 January 2015	50,000	(118,798,275)	(136,965,755)	(255,714,030)
Profit for the period	–	–	16,023,247	16,023,247
Other comprehensive income	–	15,534,005	–	15,534,005
Total comprehensive income	–	15,534,005	16,023,247	31,557,252
At 30 June 2015	50,000	(103,264,270)	(120,942,508)	(224,156,778)
Loss for the period	–	–	(828,369)	(828,369)
Other comprehensive loss	–	(1,304,191)	–	(1,304,191)
Total comprehensive loss	–	(1,304,191)	(828,369)	(2,132,560)
At 31 December 2015	50,000	(104,568,461)	(121,770,877)	(226,289,338)
Loss for the period	–	–	(51,134,024)	(51,134,024)
Other comprehensive loss	–	(43,026,924)	–	(43,026,924)
Total comprehensive loss	–	(43,026,924)	(51,134,024)	(94,160,948)
At 30 June 2016	50,000	(147,595,385)	(172,904,901)	(320,450,286)

The Notes numbered 1 to 10 form an integral part of this Half Yearly Financial Report.

1. ACCOUNTING POLICIES

The statutory accounts have been prepared in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Accordingly, this condensed set of financial statements has been prepared in accordance with FRS 104 "Interim Financial Reporting".

The accounting policies applied in the preparation of this Interim Report are consistent with those that will be adopted in the statutory accounts for the year ending 31 December 2016. The full accounting policies of the company, set out in the 2015 statutory accounts, have been applied in preparing this Interim Report.

The financial information relating to the six months ended 30 June 2016 and 30 June 2015 is unaudited.

The results for the year ended 31 December 2015 are not the company's statutory accounts. A copy of the statutory accounts for the year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not contain any reference to any matters which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

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

2. INTEREST RECEIVABLE AND SIMILAR INCOME

Audited Year ended 31 December 2015 £		Unaudited Six months ended 30 June 2016 £	Unaudited Six months ended 30 June 2015 £
	Before exceptional items:		
37,610	Bank interest receivable	–	8,278
94,070,177	Interest receivable from group undertakings	46,219,527	47,076,772
94,107,787		46,219,527	47,085,050
	Exceptional items:		
10,892,606	Accrued premium on repayment of loan by fellow subsidiary undertaking	5,439,147	5,439,147

On 20 June 2014, the loan to a fellow subsidiary undertaking was part repaid to fund the cancellation of certain floating rate notes. An amount for the period of £5,439,147 (31 December 2015: £10,892,606) has been accrued as recoverable from the fellow subsidiary undertaking to cover the potential premium payable to the holders of the class A1 notes which were redeemed in part on 22 July 2014.

3. INTEREST PAYABLE AND SIMILAR CHARGES

Audited Year ended 31 December 2015 £		Unaudited Six months ended 30 June 2016 £	Unaudited Six months ended 30 June 2015 £
	Before exceptional items:		
–	Bank interest payable	27,483	–
93,928,895	Interest payable on securitised debt (Note 8)	46,180,076	46,998,785
(21,969,052)	Fair value adjustments on derivative financial instruments	62,696,293	(19,590,952)
(671,804)	Hedge reserve recycling	(323,133)	(340,152)
71,288,039		108,580,719	27,067,681
	Exceptional items:		
10,892,606	Provision for premium on repayment of class A1 notes	5,439,147	5,439,147

The company has provided for £189,873,668 at 30 June 2016 in respect of the potential premium payable to the holders of the class A1 notes following the partial redemption on 22 July 2014 as described in Note 9, being an amount of £168,746,800, plus interest at 6.455% per annum.

Included in the interest payable on securitised debt is £Nil (30 June 2015: £497,686) payable in respect of notes held by a fellow subsidiary undertaking.

Unrealised fair value gains or losses on derivative financial instruments which do not qualify for hedge accounting are recognised in the Profit and Loss Account (Note 8).

4. TAXATION

Audited Year ended 31 December 2015 £		Unaudited Six months ended 30 June 2016 £	Unaudited Six months ended 30 June 2015 £
	Tax charge:		
–	Current tax chargeable to income	–	–
7,616,969	Deferred tax	(11,227,168)	3,986,220
7,616,969		(11,227,168)	3,986,220
	Tax reconciliation:		
22,811,846	Profit/(loss) on ordinary activities before taxation	(62,361,192)	20,009,467
4,619,399	Tax on profit at UK corporation tax rate:	(12,472,238)	4,051,917
	Effects of:		
(269,724)	Utilisation of tax losses	67,020	–
99,059	Adjustment to tax charge in respect of prior periods	–	–
136,040	Other differences leading to an increase (decrease) in the tax charge	64,627	–
3,032,195	Changes in tax rates	1,247,464	(49,829)
–	Group relief	–	(15,868)
7,616,969		(11,227,168)	3,986,220

Deferred tax

Audited Year ended 31 December 2015 £		Unaudited Six months ended 30 June 2016 £	Unaudited Six months ended 30 June 2015 £
	Deferred tax assets		
65,115,722	Brought forward	50,753,236	65,115,722
(7,616,969)	(Charge)/credit to profit and loss account	11,227,168	(3,986,220)
(6,745,517)	(Charge)/credit to other comprehensive income	9,444,935	(3,883,502)
50,753,236		71,425,339	57,246,000

At 30 June 2016, there was an unprovided deferred tax asset of £1,053,818 (2015: £1,114,136), calculated by reference to losses of £5,854,546 (2015: £6,189,646) at the future tax rate of 18%.

5. DEBTORS

Audited 31 December 2015 £		Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
	Due within one year:		
47,504,457	Loan to fellow subsidiary undertaking	47,178,060	47,562,253
1,377,482	Amounts owed by fellow subsidiary undertakings	1,367,358	1,363,681
185,207,491	Other debtors	190,656,762	179,755,235
–	Accrued interest receivable	–	2,562
234,089,430		239,202,180	228,683,731
	Due after more than one year:		
50,753,236	Deferred tax	71,425,339	57,246,000
1,577,676,324	Loan to fellow subsidiary undertaking	1,561,791,949	1,593,589,165
1,628,429,560		1,633,217,288	1,650,835,165

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

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

On 20 June 2014, the loan to a fellow subsidiary undertaking was part repaid to fund the cancellation of certain floating rate notes. An amount of £5,439,147 (31 December 2015: £10,878,294) has been accrued as recoverable from the fellow subsidiary undertaking to cover the potential premium which the company may be directed to pay to the holders of the class A1 notes, which were partially redeemed on 22 July 2014 (Note 9).

The amount of the loan due within one year comprises £17,852,860 (31 December 2015: £18,179,257) of interest and £29,325,200 (31 December 2015: £29,325,200) of capital.

The carrying values of debtors due within one year also represent their fair values. The fair value of the loans to fellow subsidiary undertakings at 30 June 2016 was £2,124,975,517 (31 December 2015: £1,961,369,423), calculated by reference to the fair values of the company's financial liabilities. The carrying value of financial assets represents the company's maximum exposure to credit risk.

6. CASH AT BANK

Audited 31 December 2015 £		Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
2,833,662	Unrestricted cash balances	2,869,848	2,744,925
22,240,000	Held as collateral for derivatives (Note 7)	22,240,000	22,240,000
25,073,662	Cash at bank	25,109,848	24,984,925

7. CREDITORS: Amounts falling due within one year

Audited 31 December 2015 £		Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
47,568,719	Securitised debt (Note 8)	47,242,952	47,612,467
22,240,000	Other creditors	22,240,000	22,240,000
–	Accruals and deferred income	23,588	7,902
69,808,719		69,506,540	69,860,369

The amount of the securitised debt due within one year comprises £17,917,752 (31 December 2015: £18,243,519) of interest and £29,325,200 (31 December 2015: £29,325,200) of capital.

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

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

Audited 31 December 2015 £		Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
1,577,676,327	Securitised debt	1,561,791,952	1,593,589,168
281,962,423	Derivative financial instruments	396,807,442	286,230,000
1,859,638,750		1,958,599,394	1,879,819,168

The amounts at which borrowings are stated comprise:

Audited 31 December 2015 £		Unaudited 30 June 2016 £	Unaudited 30 June 2015 £
1,638,845,987	Brought forward	1,607,001,527	1,638,845,987
(29,325,200)	Repaid in period	(14,662,600)	(14,662,599)
(2,246,067)	Amortisation of issue premium	(1,085,854)	(1,133,475)
(273,193)	Accrued financing expenses	(135,921)	(135,545)
1,607,001,527	Carried forward	1,591,117,152	1,622,914,368
29,325,200	Payable within one year or on demand	29,325,200	29,325,200
1,577,676,327	Payable after more than one year	1,561,791,952	1,593,589,168
1,607,001,527		1,591,117,152	1,622,914,368

The company's securitised debt was issued in tranches, with notes of classes A1, A3, A7, B, B3, C2 and D2 remaining outstanding. The class A1, A3 and B notes were issued at a premium which is being amortised to the profit and loss account on a straight-line basis over the life of the relevant notes. At 30 June 2016 £22,612,105 (31 December 2015: £23,697,959) remained unamortised.

At 30 June 2016 there were accrued financing costs of £22,354,325 (31 December 2015: £22,490,246) relating to increases in margins as described below.

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

The securitised debt has a face value on 30 June 2016 of £1,546,150,720 (31 December 2015: £1,560,813,320), of which £881,589,720 (31 December 2015: £896,252,320) carries fixed rates of interest between 5.95% and 6.80%. The other £664,561,000 (31 December 2015: £664,561,000) 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 7.07%.

The fair value of the securitised debt at 30 June 2016 was £1,728,168,075 (31 December 2015: £1,679,407,000). At 30 June 2016 the fair value of the interest rate derivatives resulted in the recognition of a liability of £396,807,442 (31 December 2015: £281,962,423). Of this liability, £184,949,250 was in respect of interest rate swaps which qualify for hedge accounting (31 December 2015: £132,800,523) and £211,858,192 was in respect of interest rate swaps which do not qualify for hedge accounting (31 December 2015: £149,161,900).

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

The securitisation continues to have the benefit of an arrangement with AIG which covers the rent in the event of a default by the tenant of 33 Canada Square over the entire term of the lease. At 30 June 2016, AIG had posted £204.3 million as cash collateral in respect of this obligation.

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

9. PROVISION FOR LIABILITIES

The company has provided £189,873,668 at 30 June 2016 for the potential liability to pay a premium to the A1 Noteholders following the redemption of the A1 Notes in July 2014.

On 22 July 2014, the company redeemed £577.9m in aggregate principal amount of the class A1 notes. The Securitisation Trustee indicated to the Company that it was unclear to the Securitisation Trustee as to whether or not a premium of £168,746,800 (being an amount equivalent to any spens which might be payable on redemption under the Note conditions) should have been paid to the holders of the A1 Notes in connection with the redemption. The company as issuer made an application to the Court for a declaration as to whether or not, on a true construction of the Note conditions and other relevant contractual documentation, the premium is payable to the noteholders.

The court hearing was in July 2015. On 28 January 2016 judgement was delivered which held that an amount equivalent to SPENS was payable on redemption under the Note conditions and should therefore be paid to the holders of the A1 Notes. Following a further decision by the Judge not to allow an appeal against this decision, the company applied to the Court of Appeal for leave to appeal against the judgement. On 26 July 2016 the company received permission to appeal on the basis that there is a real prospect of success. Procedural steps will now be taken for the hearing which has been fixed for 13 and 14 June 2017.

The company agreed to place on deposit with the Escrow Agent an amount equal to the premium. The Escrow Agent will hold the premium in escrow (together with interest thereon) until either:

(i) a final court order is made in relation to whether or not the premium is payable in relation to the redemption;
(ii) the company and the Securitisation Trustee agree on an amount payable in relation to the redemption; or
(iii) the company and the noteholders agree on an amount payable in relation to the redemption.

Depending on which of these conditions is satisfied, the Escrow Agent will release funds back to the company for payment to the A1 noteholders.

A provision for the premium of £168,746,800, together with interest of £15,687,721 up to 31 December 2015, and a further £5,439,147 in the 6 months to 30 June 2016 has been recognised in the Profit and Loss Account.

10. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 30 June 2016 and 31 December 2015 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 8.