

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 31/03/11.

HIGHLIGHTS

Properties 95.5% let at 31 March 2011 (based on the new security portfolio)

Valuations as at 31 December 2010 were £3,194.0 M

Briefing Note

On 17th November 2010 25 Bank Street and 50 Bank Street were released as mortgaged properties and 10 Cabot Square and 20 Cabot Square (together, the “New Properties”) were substituted in their place. Each of Fitch, Moody’s and Standard & Poor’s has affirmed its existing rating of the Notes.

In addition to the granting of security over the New Properties and compliance with the other provisions of the Intercompany Loan Agreement, additional cash collateral amounting to £65.7 million was deposited into the Borrower’s Coverage Reserve Account in order to service any potential shortfall in debt service on any future Interest Payment Date.

The Issuer continues to have 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 following update presents performance up to the April 2011 interest payment date following the asset substitution.

Highlights regarding the mortgaged properties during the first quarter of 2011 include –

- In February 2011 J.P. Morgan surrendered its space on floors 44-46 of One Canada Square totalling 87,500 sqft. This space was previously leased to April 2013 and J.P. Morgan paid a surrender premium equivalent to the forgone rent and service charges, together with dilapidations. An amount equivalent to the forgone rent has subsequently been paid into the Cash Collateral account.
- Subsequent to the quarter end, in April 2011 MetLife leased floor 50 of One Canada Square (22,000 sqft) on a 10 year lease, subject to breaks after 5 years and 7.5 years.
- In April 2011 Alvarez & Marsal’s lease of 5,117sqft in One Canada Square was terminated following the exercise of a break option.

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The rental income figures for the pre-asset substitution properties below are based on actual receipts for Q1 2011.

Property Portfolio Summary

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA ⁽¹⁾	Actual Quarterly Rental Income Q1 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	£20.1m	£366.0m
One Canada Square	1,236,200 sq. ft	1,220,700 sq. ft	996,897 sq ft	£6.7m	£47.4m ⁽³⁾	£640.0m
20 Bank Street	546,500 sq. ft	546,500 sq. ft	546,500 sq ft	£6.6m	£26.2m	£418.0m
40 Bank Street	607,400 sq. ft	607,400 sq. ft	602,235 sq ft	£6.5m	£25.6m ⁽³⁾	£390.0m
10 Upper Bank Street	1,000,400 sq. ft	1,000,400 sq. ft	1,000,416 sq ft	£11.1m	£44.3m	£720.0m
5 North Colonnade	639,000 sq. ft	639,000 sq. ft	637,199 sq ft	£4.9m	£19.6m ⁽⁵⁾	£350.0m
10 South Colonnade	562,000 sq. ft	562,000 sq. ft	560,999 sq ft	£4.0m	£15.7m ⁽⁵⁾	£310.0m
Total	5,154,200 sq ft	5,138,700 sq ft	4,906,946 sq ft	£44.8m	£198.9m ⁽⁴⁾	£3,194.0m

Notes:

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

(2) MV based valuation of the properties at 31st December 2010.

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

(4) Estimated annual rental income based on annualised rent for the quarter to 31st March 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 on June 2032.

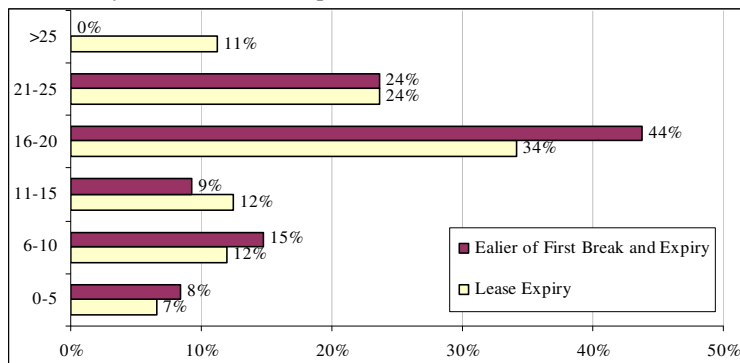
Occupancy

At 31 March 2011 the securitised property portfolio was 95.5% let (based on the revised asset portfolio post asset substitution).

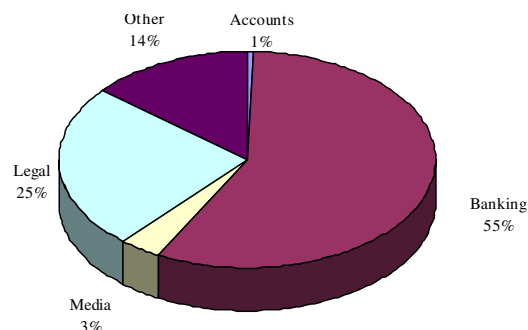
Rent Reviews

	<u>Area</u>	<u>Passing Rent</u>
Outstanding Rent Reviews	35,649 sq ft	£1,348,453

Analysis of Office Lease Expiries and Breaks (Note 1)



Concentration of Leases by Area



(1) The weighted average unexpired lease term of the securitised office portfolio (by sqft) was 16.6 years reflecting the new portfolio after the asset substitution. The weighted average lease term reflecting all break options was 15.0 years.

Major Tenants:

33 Canada Square

Citigroup

One Canada Square

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

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 Colonnade

Barclays Bank Plc
WPP Plc

10 South Colonnade

Barclays Bank Plc

Financial Considerations

	Quarter 1 2011 actuals
Gross Rental (cash received in Q1 2011)	£44.7 m
B3 Defeasance	(£0.1 m)
C2 Defeasance	(£0.2 m)
Senior Expenses ⁽¹⁾	(£0.9 m)
Gross Debt	£2,433.3 m
Cash Reserves	(£90.3 m)
Net Debt	<u>£2,343.0 m</u>

Quarter 1 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	£1,735.7 m	(£27.0 m)	(£12.7 m)		1.62 x	1.38 x	51.5%
AA	£297.5 m	(£4.7 m)	(£1.7 m)	£4.76 m	1.38 x	1.15 x	60.8%
A	£275.0 m	(£3.8 m)		£3.81 m	1.23 x	1.04 x	69.4%
BBB	£125.0 m	(£1.8 m)		£1.85 m	1.17 x	1.00 x	73.4%
	£2,433.3 m	(£37.3 m)	(£14.4 m)	£10.4 m			

Reserve	Opening Balance ⁽⁵⁾	Period Movement	Closing Balance ⁽⁵⁾
Void Costs Ledger			
Cash Ledger	£58.9 m	(£5.5 m)	£53.4 m
B3 Defeasance Ledger	£0.2 m	£0.1 m	£0.3 m
C2 Defeasance Ledger	£0.4 m	£0.1 m	£0.5 m
Subtotal Coverage Reserves	£59.5 m	(£5.3 m)	£54.2 m
Cash Collateral ⁽⁷⁾	£33.5 m	£2.5 m	£36.0 m
Total Reserves	£93.0 m	(£2.8m)	£90.2 m

Notes:

- (1) Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- (2) Total outstanding debt at 22nd April 2011 interest payable date.
- (3) Interest paid on 22nd April 2011. Comprises bond interest of £29.7m and payments under interest rate swaps of £7.6m.
- (4) Amortisation paid on 22nd April 2011.
- (5) Opening balance is as at 22nd January 2011, closing balance is at 22nd April 2011.