

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 31/12/10 except for the LMCTV ratio which is based on valuations as at 30/06/10.

HIGHLIGHTS

Properties 97.3% let at 31 December 2010 (based on the new security portfolio)

Valuations as at 30 June 2010 were £3,065.0 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 January 2011 interest payment date following the asset substitution.

Highlights regarding the mortgaged properties during the fourth quarter of 2010 include –

- HSBC Bank Plc agreed to take up 82,158 sq. ft. on Floors 7-9 of One Canada Square for a 5 year term.
- London Canary Wharf Centre Limited (trading as Regus) agreed to renew their lease of 14,445 sq ft. on Pt Floor 29 of One Canada Square for a 10 year term.
- Canary Wharf Limited renewed its lease of 27,517 sq ft. on Floor 30 of One Canada Square for a 15 year term.
- Canary Wharf Management Limited renewed its lease of 4,096 sq ft. on Floor 5 of One Canada Square for a 15 year term.
- In addition, leases were put in place with Canary Wharf subsidiaries in relation to 5,690 sq ft on floor 10 and 6,464 sq ft on floor 35. All of these leases are for a term of 15 years.
- China Construction Bank took a further 1,968 sq ft on floor 18 in 40 Bank Street for a term concurrent with their existing lease.
- Interquest Group took 2,666 sq ft on floor 18 in 40 Bank Street for a term of 10 years, subject to a break after five years.
- Servcorp took a further 1,885 sq ft on floor 18 in 40 Bank Street for a 10 year term to September 2020.

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The rental income figures for the pre-asset substitution properties below are based on actual receipts for Q4 2010.

Property Portfolio Summary

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA ⁽¹⁾	Actual Quarterly Rental Income Q4 2010	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	£350.0m
One Canada Square	1,236,200 sq. ft	1,220,700 sq. ft	1,090,116 sq ft	£8.0m	£42.4m ⁽³⁾	£620.0m
20 Bank Street	546,500 sq. ft	546,500 sq. ft	546,500 sq ft	£6.6m	£26.2m	£400.0m
40 Bank Street	607,400 sq. ft	607,400 sq. ft	602,235 sq ft	£6.6m	£25.1m ⁽³⁾	£385.0m
10 Upper Bank Street	1,000,400 sq. ft	1,000,400 sq. ft	1,000,336 sq ft	£11.1m	£44.3m	£695.0m
5 North Colonnade	639,000 sq. ft	639,000 sq. ft	637,199 sq ft	£4.9m	£19.6m ⁽⁵⁾	£330.0m
10 South Colonnade	562,000 sq. ft	562,000 sq. ft	560,999 sq ft	£4.0m	£15.7m ⁽⁵⁾	£285.0m
Total	5,154,200 sq ft	5,138,700 sq ft	5,000,085 sq ft	£46.1m	£193.5m ⁽⁴⁾	£3,065.0m

Notes:

- (1) Area let as at 31st December 2010.
- (2) MV based valuation of the properties at 30 June 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 December 2010.
- (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.

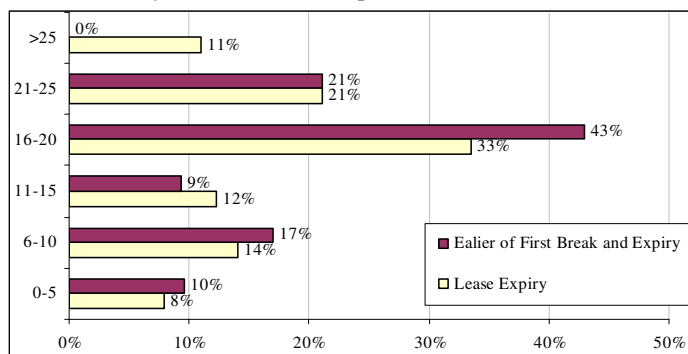
Occupancy

At 31 December 2010 the securitised property portfolio was 97.3% let (based on the revised asset portfolio post asset substitution).

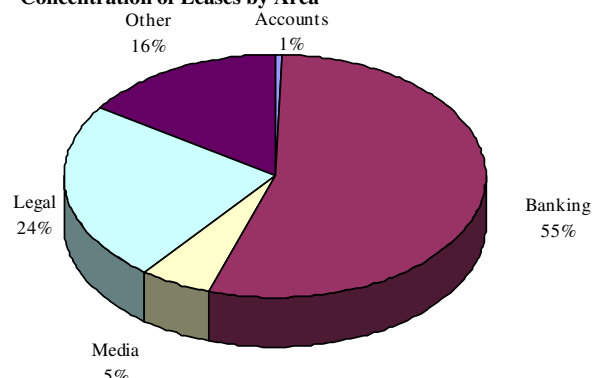
Rent Reviews

	Area	Passing Rent
Outstanding Rent Reviews	29,350 sq ft	£961,182

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 sq.ft) was 16.6 years reflecting the new portfolio after the asset substitution. The weighted average lease term reflecting all break options was 15.1 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 4 2010 actuals
Gross Rental (cash received in Q3 2010)	£46.1 m
B3 Defeasance	(£0.1 m)
C2 Defeasance	(£0.2 m)
Senior Expenses ⁽¹⁾	(£0.9 m)
Gross Debt	£2,447.7 m
Cash Reserves	(£92.9 m)
Net Debt	<u>£2,354.8 m</u>

Quarter 4 2010 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 ⁽⁵⁾
AAA	£1,748.4 m	(£27.3 m)	(£12.7 m)		1.65 x	1.37 x	54.0%
AA	£299.3 m	(£4.7 m)	(£1.7 m)	£1.53 m	1.41 x	1.15 x	63.8%
A	£275.0 m	(£3.9 m)		£3.86 m	1.26 x	1.04 x	72.7%
BBB	£125.0 m	(£1.9 m)		£1.87 m	1.20 x	1.00 x	76.8%
	£2,447.7 m	(£37.8 m)	(£14.4 m)	£7.3 m			

Reserve	Opening Balance ⁽⁶⁾	Period Movement	Closing Balance ⁽⁶⁾
Void Costs Ledger			
Cash Ledger		£58.9 m	£58.9 m
B3 Defeasance Ledger	£0.1 m	£0.1 m	£0.2 m
C2 Defeasance Ledger	£0.2 m	£0.2 m	£0.4 m
Subtotal Coverage Reserves	£0.3 m	£59.1 m	£59.4 m
Cash Collateral ⁽⁷⁾	£35.8 m	(£2.3 m)	£33.5 m
Total Reserves	£36.1 m	£56.8 m	£92.9 m

Notes:

- (1) Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- (2) Total outstanding debt at 22nd January 2011 interest payable date.
- (3) Interest paid on 22nd January 2011. Comprises bond interest of £30.0m and payments under interest rate swaps of £7.8m.
- (4) Amortisation paid on 22nd January 2011.
- (5) Net of £65.7m of cash collateral deposited on completing the asset substitution. This amount will be released each quarter to cover the rental shortfall.
- (6) Opening balance is as at 22nd October 2010, closing balance is at 22nd January 2011.
- (7) On 8 June 2010 Shell International Ltd leased 186,903 sq ft over 10 floors in 40 Bank Street on a 15 year lease expiring in June 2025 (subject to a break at the end of the 10th year). The starting rent will be £37.50 psf following a rent free period of 42 months. The space taken by Shell was previously leased to Barclays and prior to completion the Barclays lease was surrendered. The resulting shortfall in rent was covered by adding £37.3m to cash collateral. This amount will be released each quarter to cover the rental shortfall.