

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 30/09/12 except for the LMCTV ratio which is based on valuations as at 30/06/12.

HIGHLIGHTS

Properties 96.0% let at 30 September 2012.

Valuations as at 30 June 2012 were £3,209.0 M

Briefing Note

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

Recent highlights regarding the mortgaged properties include –

- In July 2012, Doyle Clayton Solicitors leased 1,066 sqft on floor 10, One Canada Square for a term of 5 years at a rent of £42.50 psf subject to a 6 month rent free period. There is a break option at the expiry of the third year and if the option is not exercised an additional 4 month rent free period will be granted.
- In September 2012, Maypole Energy Limited leased 3,553 sqft on floor 19, 40 Bank Street for a term of 5 years at a rent of £42.50 psf subject to a 6 month rent free period. There is a break option at the expiry of the third year and if the option is not exercised an additional 4 month rent free period will be granted.
- In August 2012, HSBC served notice to exercise their break options on floors 9 (27,120 sqft) and 7 (27,104 sqft), One Canada Square, in December 2012.
- In July 2012, Samsung Electronics served notice to exercise their break option on part floor 34 (1,844 sqft), One Canada Square, in January 2013.

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The rental income figures for the pre-asset substitution properties below are based on actual receipts for Q3 2012.

Property Portfolio Summary

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA ⁽¹⁾	Actual Quarterly Rental Income Q3 2012	Estimated Annual Rental Income	Market Value ⁽²⁾
33 Canada Square	562,700 sq ft	562,700 sq ft	562,700 sqft	£5.0m	£20.1m	£366.0m
One Canada Square	1,236,200 sq ft	1,220,700 sq ft	1,028,507 sqft	£9.5m	£46.6m ⁽³⁾	£650.0m
20 Bank Street	546,500 sq ft	546,500 sq ft	546,500 sqft	£6.6m	£26.2m	£430.0m
40 Bank Street	607,400 sq ft	607,400 sq ft	591,964 sqft	£6.5m	£25.1m ⁽³⁾	£368.0m
10 Upper Bank Street	1,000,400 sq ft	1,000,400 sq ft	1,000,400 sqft	£11.1m	£44.3m	£676.0m
10 Cabot Sq/5 North Colonade	639,000 sq ft	639,000 sq ft	639,000 sqft	£5.0m	£19.6m ⁽⁵⁾	£385.0m
20 Cabot Sq/10 South Colonade	562,000 sq ft	562,000 sq ft	562,000 sqft	£4.1m	£15.9m ⁽⁵⁾	£334.0m
Subtotal post substitution	5,154,200 sq ft	5,138,700 sq ft	4,931,071 sqft	£47.8m	£197.8m ⁽⁴⁾	£3,209.0m

Notes:

(1) Area let as at 30th September 2012.

(2) MV based valuation of the properties at 30th June 2012.

(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 30th September 2012.

(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 in 2015 with subsequent annual RPI increases over the rest of the term until the expiry of the lease in June 2032.

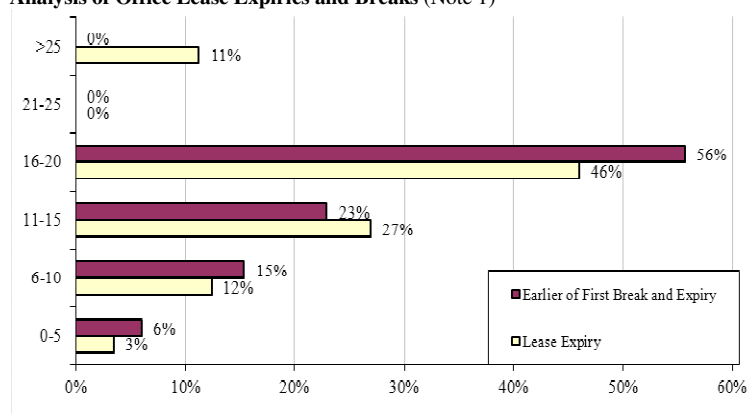
Occupancy

At 30th September 2012 the securitised property portfolio was 96.0% let.

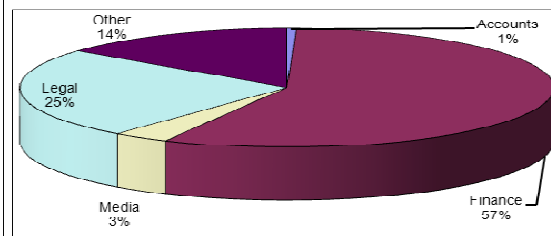
Rent Reviews

	Area	Passing Rent
Outstanding Rent Reviews	5,761 sqft	£247,723

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 15.4 years. The weighted average lease term reflecting all break options was 13.8 years.

Major Tenants:

33 Canada Square

Citigroup

One Canada Square

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

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Financial Considerations

	Q3 2012 actuals
Gross Rental (cash received in Q3 2012)	£47.8 m
B3 Defeasance	(£0.1 m)
C2 Defeasance	(£0.1 m)
Senior Expenses ⁽¹⁾	(£0.9 m)
Gross Debt	£2,347.0 m
Cash Reserves	<u>(£46.9 m)</u>
Net Debt	<u>£2,300.1 m</u>

Quarter 3 2012 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	£1,659.8 m	(£25.8 m)	(£12.7 m)		1.81 x	1.34 x	50.3%
AA	£287.2 m	(£4.5 m)	(£1.7 m)		1.54 x	1.14 x	59.2%
A	£275.0 m	(£3.7 m)		£1.9 m	1.37 x	1.04 x	67.8%
BBB	£125.0 m	(£1.8 m)		£1.8 m	1.31 x	1.00 x	71.7%
	<u>£2,347.0 m</u>	<u>(£35.8 m)</u>	<u>(£14.4 m)</u>	<u>£3.7 m</u>			

Reserve	Opening Balance ⁽⁵⁾	Period Movement	Closing Balance ⁽⁵⁾
Void Costs Ledger			
Cash Ledger	£30.6 m	(£2.8 m)	£27.8 m
B3 Defeasance Ledger	£0.7 m	£0.1 m	£0.8 m
C2 Defeasance Ledger	£1.3 m	£0.1 m	£1.4 m
Subtotal Coverage Reserves	£32.6 m	(£2.6 m)	£30.0 m
Cash Collateral	£19.8 m	(£2.9 m)	£16.9 m
Total Reserves	£52.4 m	(£5.5 m)	£46.9 m

Notes:

- (1) Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- (2) Total outstanding debt at 22nd October 2012 interest payable date.
- (3) Interest paid on 22nd October 2012 Comprises bond interest of £28.3m and payments under interest rate swaps of £7.5m.
- (4) Amortisation paid on 22nd October 2012.
- (5) Opening balance is as at 22nd July 2012, closing balance is at 22nd October 2012.