

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 31/12/13.

HIGHLIGHTS

Properties 97.3% let at 31 December 2013.

Valuations as at 31 December 2013 were £3,552 M

Briefing Note

The following update refers to the period up to the January 2014 interest payment date.

Recent activity regarding the mortgaged properties include –

- In December 2013, HSBC agreed to lease a further 27,100 sq ft of space on Level 9 of One Canada Square for a term of 5 years, with a break option in September 2015, and annual breaks thereafter. The starting rent will be £35.00 psf following a 3 month rent free period.
- In November 2013 ICM Capital signed a lease on 1,626 sq ft on part of level 36 of One Canada Square at £41.00 per sq ft for term of 3 years.
- On 23rd October 2013, Secure Trading Limited leased 7,937 sq ft on part of level 19, 40 Bank Street for a term of 10 years with a break option at year 5. The initial rent is £40 psf.
- On 20th December 2013 Maypole Energy was placed into liquidation and forfeited their lease of 3,553 sq ft on Floor 19 in 40 Bank Street.
- Subsequent to the period end, Pirean Limited let 2,259 square feet on Floor 34 of One Canada Square. Previously occupied within Canary Wharf's technology start-up space on Level39, Pirean have become the first company to graduate from Level39 to take leased space on the estate. The lease is for a term of 5 years from February 2014 at a rent increasing to £42.50 psf from August 2015.
- Subsequent to the period end, elsewhere on the estate, EY agreed to lease 207,000 square feet of office space at 25 Churchill Place for a period of 25 years, at a rent of £48.50 per square foot. As part of this transaction, on 1 July 2015 Canary Wharf Group will assume responsibility for EY's lease at Becket House, 1 Lambeth Palace Road, of 146,000 square feet of office space. The lease runs until September 2026 at a rent of £35 per square foot.

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The rental income figures for the pre-asset substitution properties below are based on actual receipts for Q4 2013.

Property Portfolio Summary

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA ⁽¹⁾	Actual Quarterly Rental Income Q4 2013	Estimated Annual Rental Income	Market Value ⁽²⁾
33 Canada Square	562,700 sq ft	562,700 sq ft	562,700 sq ft	£5.0 m	£20.1 m	£405.0m
One Canada Square	1,236,200 sq ft	1,220,700 sq ft	1,092,337 sq ft	£8.6 m	£47.9 m ⁽³⁾	£660.0m
20 Bank Street	546,500 sq ft	546,500 sq ft	546,500 sq ft	£6.6 m	£26.2 m	£475.0m
40 Bank Street	607,400 sq ft	607,400 sq ft	596,348 sq ft	£5.7 m	£24.8 m ⁽³⁾	£390.0m
10 Upper Bank Street	1,000,400 sq ft	1,000,400 sq ft	1,000,400 sq ft	£11.1 m	£44.3 m	£780.0m
10 Cabot Sq/5 North Colonnade	639,000 sq ft	639,000 sq ft	639,000 sq ft	£4.9 m	£19.6 m ⁽⁵⁾	£450.0m
20 Cabot Sq/10 South Colonnade	562,000 sq ft	562,000 sq ft	562,000 sq ft	£4.0 m	£15.9 m ⁽⁵⁾	£392.0m
Subtotal post substitution	5,154,200 sq ft	5,138,700 sq ft	4,999,285 sq ft	£45.9 m	£199.0 m ⁽⁴⁾	£3,552.0m

Notes:

- (1) Area let as at 31st December 2013.
- (2) MV based valuation of the properties at 31st December 2013.
- (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 as at 31st December 2013 after expiry of rent-free periods and including potential rental income on unlet space, where applicable.
- (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.

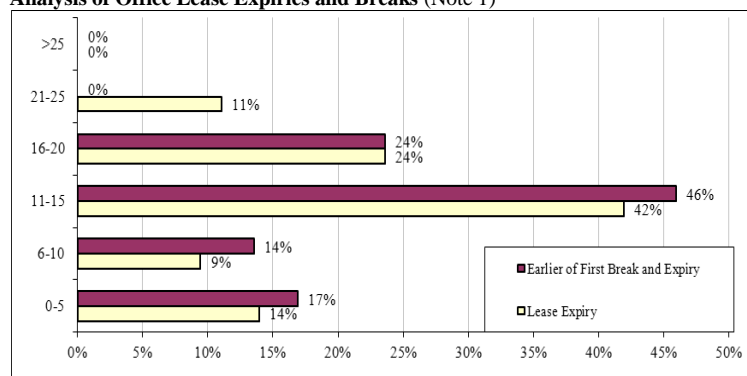
Occupancy

At 31st December 2013 the securitised property portfolio was 97.3% let.

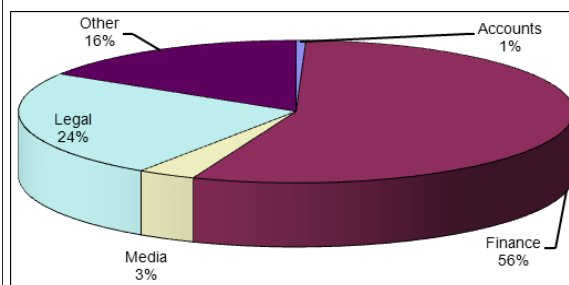
Rent Reviews

	Area	Passing Rent
Outstanding Rent Reviews	183,100 sqft	£8,351,030

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 14.2 years. The weighted average lease term reflecting all break options was 12.5 years.

Major Tenants:

33 Canada Square

Citigroup

One Canada Square

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

Barclays Bank Plc

10 South Colonnade

Barclays Bank Plc

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Financial Considerations

	Q4 2013 actuals
Gross Rental (cash received in Q4 2013)	£45.9 m
B3 Defeasance	(£0.1 m)
C2 Defeasance	(£0.1 m)
Senior Expenses ⁽¹⁾	(£1.1 m)
	<u>(£44.5 m)</u>
Gross Debt	£2,269.4 m
Cash Reserves	(£17.5 m)
Net Debt	<u>£2,251.9 m</u>

Quarter 4 2013 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	£1,590.8 m	(£24.7 m)	(£14.6 m)		1.81 x	1.36 x	44.3%
AA	£278.5 m	(£4.4 m)	(£1.7 m)	£0.9 m	1.54 x	1.14 x	52.1%
A	£275.0 m	(£3.8 m)		£3.8 m	1.36 x	1.04 x	59.9%
BBB	£125.0 m	(£1.8 m)		£1.8 m	1.29 x	1.00 x	63.4%
	<u>£2,269.4 m</u>	<u>(£34.7 m)</u>	<u>(£16.3 m)</u>	<u>£6.5 m</u>			

Reserve	Opening Balance ⁽⁵⁾	Period Movement	Closing Balance ⁽⁵⁾
Void Costs Ledger	-	-	-
Cash Ledger	£11.0 m	(£5.9 m)	£5.1 m
B3 Defeasance Ledger	£1.1 m	£0.1 m	£1.2 m
C2 Defeasance Ledger	£1.9 m	£0.1 m	£2.1 m
Subtotal Coverage Reserves	£14.1 m	(£5.6 m)	£8.4 m
Cash Collateral	£9.9 m	(£0.9 m)	£9.0 m
Total Reserves	£24.0 m	(£6.5 m)	£17.5 m

Notes:

- (1) Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- (2) Total outstanding debt at 22nd January 2014 interest payable date.
- (3) Interest paid on 22nd January 2014 comprises bond interest of £26.7m and payments under interest rate swaps of £8.0m.
- (4) Amortisation paid on 22nd January 2014.
- (5) Opening balance is as at 22nd October 2013, closing balance is at 22nd January 2014.