CANARY WHARF FINANCE II PLC
29 AUGUST 2013

PUBLICATION OF THE HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2013

Pursuant to sections 4.2 and 6.3.5 of the Disclosure and Transparency Rules, 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 2013, 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 29 August 2013, does not comprise statutory accounts within the meaning of the Companies Act 2006 and is provided in accordance with section 6.3.5(2)(b) of the Disclosure and Transparency Rules.

In compliance with the Listing Rule 9.6.1, a copy of the 30 June 2013 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: 29 August 2013

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INTERIM MANAGEMENT STATEMENT

This interim management statement relates to the six months ended 30 June 2013 and contains information that covers the period from 1 January 2013 to 29 August 2013, the date of publication of this interim management statement.

BUSINESS REVIEW

The company is a wholly owned subsidiary of Canary Wharf Group plc and its ultimate parent undertaking is Songbird Estates plc.

Canary Wharf Finance II plc is a finance vehicle that issues securities which are backed by commercial mortgages over high profile 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 2013, the company had £2,318,225,921 (31 December 2012: £2,346,992,241) of notes listed on the London Stock Exchange and had lent the proceeds to a fellow subsidiary undertaking, CW Lending II Limited. The notes are secured on seven properties at Canary Wharf, owned by fellow subsidiary undertakings, and the rental income therefrom.

The securitisation has 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 2013 AIG has posted £244.2 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. This facility is renewable annually and is subject to a commitment fee of 0.487% or £1.5 million per annum. From 18 June 2013, the commitment fee increased to 0.888% or £2.7 million per annum. The fee is recharged to a fellow subsidiary undertaking.

No significant non-routine events or transactions occurred during the period from 1 January 2013 to 29 August 2013.

As shown in the company's profit and loss account, the company's profit after tax for the six month period was £32,460,490 (period ended 30 June 2012: £913,995).

The balance sheet shows the company's financial position at the period end and indicates that net liabilities were £215,928,861 (31 December 2012: £282,270,367).

The improvement in the balance sheet over the six months since 31 December 2012 primarily reflects the impact of movements in the fair value of financial instruments, derived by reference to the market values provided by the relevant counter parties.

The financial position of the company as indicated by its balance sheet is impacted by the application of Financial Reporting Standard 26 (Financial Instruments: Recognition and Measurement) ('FRS 26') and its impact on other financial reporting standards. FRS 26 requires recognition of the mark to market of derivative financial instruments, which hedge the company's exposure to interest rate fluctuations, but the mark to market of the company's debtor loan and securitised debt has not been recognised. Adjusting for the effects of FRS 26 the net asset value of the company at 30 June 2013 was as follows:

Audited 31 December 2012 £		Unaudited 30 June 2013 £	Unaudited 30 June 2012 £
(282,270,367)	Net liabilities per balance sheet	(215,928,861)	(273,967,113)
286,411,840	Add back: Effects of FRS 26	220,188,277	278,016,285
4,141,473	Adjusted net assets	4,259,416	4,049,172

KEY PERFORMANCE INDICATORS

Audited 31 December 2012 £		Unaudited 30 June 2013 £	Unaudited 30 June 2012 £
2,346,992,241	Securitised debt	2,318,225,921	2,375,758,560
142,979,111	Financing cost (before adjustments for FRS26)	69,874,023	71,746,823
178,215	Adjusted profit before tax and FRS26	117,943	85,914
15.3 years	Weighted average maturity of debt	14.9 years	15.6 years
6.2%	Weighted average interest rate	6.2%	6.2%

The adjusted profit before tax comprises the profit on ordinary activities before tax of £32,460,490 (period ended 30 June 2012: £913,995) adjusted for the FRS 26 items listed in Note 3, totalling £32,342,547 (period ended 30 June 2012: £828,081).

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 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 2013 the company had a deficit of £215,928,861 attributable solely to the adoption of FRS26. Under the requirements of the standard 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 required by FRS26, 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 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.

These risks, which are summarised below are unchanged from the risks and uncertainties disclosed in the directors' report to the financial statements for the year ended 31 December 2012.

Cyclical nature of the property market

The valuation of the Canary Wharf Group's assets is subject to many external economic and market factors. The turmoil in the financial markets and uncertainty in the Eurozone in recent years has been reflected in the property market by such factors as a significant decline in tenant demand for space in London, the oversupply of available space in the office market and changing market perceptions of property as an investment resulting in fluctuations in property valuations in general. Fears of an oversupply of available space in the market have however been mitigated by the difficulty in securing finance for speculative development and reduced supply. The market has also been assisted by the continuing presence of overseas investors attracted by the relative transparency of the real estate market in London which is still viewed as both stable and secure. Changes in financial and property markets are kept under constant review so that the company can react appropriately and tailor its business accordingly. While the company has no direct exposure to the Euro, the ongoing uncertainty reflecting issues in the macroeconomy, particularly relating to the Eurozone, continues to impact the real estate market. The impact of these uncertainties is closely monitored.

Concentration risk

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

Financing risk

The broader economic cycle inevitably leads to movement in inflation, interest rates and bond yields.

The company holds 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 31 December 2012 valuations of the properties upon which the company's notes are secured, the LMCTV ratio at the interest payment date in July 2013 would have been 68.5%. The securitisation is not subject to a minimum interest coverage ratio. The 30 June 2013 valuations were not available at the date of signing this interim management statement.

A breach of covenant can be remedied by depositing eligible investments (including cash).

DIRECTORS' RESPONSIBILITY STATEMENT

The board of directors, comprising A P Anderson II , Sir George Iacobescu CBE , P Harned , 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, 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 4.1.12 (3a) of the Disclosure and Transparency Rules of the United Kingdom's Financial Services 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).

PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2013

Audited Year ended 31 December 2012 £			Unaudited Six months ended 30 June 2013 £	Unaudited Six months ended 30 June 2012 £
(17,759)	Administrative expenses		(7,560)	(7,559)
(17,759)	**OPERATING LOSS**		(7,560)	(7,559)
143,175,085	Interest receivable and similar income	**2**	69,999,526	71,840,296
(145,241,822)	Interest payable and similar charges	**3**	(37,531,476)	(70,918,742)
(2,084,496)	**PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION**		32,460,490	913,995
–	Tax on profit/(loss) on ordinary activities	**4**	–	–
(2,084,496)	**PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD/YEAR**	**8**	32,460,490	913,995

Movements in reserves are shown in Note 8 of this Half Yearly Financial Report.

All amounts relate to continuing activities in the United Kingdom.

The Notes numbered 1 to 9 form an integral part of this Half Yearly Financial Report.

The Half Yearly Financial Report for the six months ended 30 June 2013 was approved by the Board of Directors on 29 August 2013

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE SIX MONTHS ENDED 30 JUNE 2013

Audited Year ended 31 December 2012 £		Unaudited Six months ended 30 June 2013 £	Unaudited Six months ended 30 June 2012 £
(2,084,496)	Profit/(loss) for the financial period/year	32,460,490	913,995
(17,906,405)	Fair value movement on effective hedging instruments	26,073,294	(5,511,537)
14,830,772	Interest paid on effective hedging instruments	8,255,983	7,282,335
(926,700)	Hedge reserve recycling	(448,261)	(468,368)
(6,086,829)	Total recognised gains relating to the period/year	66,341,506	2,216,425

The Notes numbered 1 to 9 form an integral part of this Half Yearly Financial Report.

BALANCE SHEET AT 30 JUNE 2013

Audited 31 December 2012 £		Note	Unaudited 30 June 2013 £	Unaudited 30 June 2012 £
	CURRENT ASSETS			
	Debtors	**5**		
2,355,209,457	Amounts falling due after one year		2,322,236,889	2,388,206,226
90,553,799	Amounts falling due within one year		93,814,651	86,821,778
2,039,303	Cash at bank		2,164,460	1,943,000
2,447,802,559			2,418,216,000	2,476,971,004
(88,451,626)	**CREDITORS: Amounts falling due within one year**	**6**	(91,719,693)	(84,715,604)
2,359,350,933	**NET CURRENT ASSETS**		2,326,496,307	2,392,255,400
2,359,350,933	**TOTAL ASSETS LESS CURRENT LIABILITIES**		2,326,496,307	2,392,255,400
(2,641,621,300)	**CREDITORS: Amounts falling due after more than one year**	**7**	(2,542,425,168)	(2,666,222,513)
(282,270,367)	**NET LIABILITIES**		(215,928,861)	(273,967,113)
	CAPITAL AND RESERVES			
50,000	Called-up share capital		50,000	50,000
(138,441,022)	Hedging reserve	**8**	(104,560,006)	(133,136,259)
(143,879,345)	Profit and loss account	**8**	(111,418,855)	(140,880,854)
(282,270,367)	**SHAREHOLDER'S DEFICIT**		(215,928,861)	(273,967,113)

The Notes numbered 1 to 9 form an integral part of this Half Yearly Financial Report.

1. PRINCIPAL ACCOUNTING POLICIES

The Half Yearly Financial Report has been prepared on a going concern basis and in accordance with pronouncements on interim reporting issued by the Accounting Standards Board and on the basis of the accounting policies set out in the company's financial statements for the year ended 31 December 2012, which are prepared in accordance with UK GAAP and which the company intends to use in preparing the next annual financial statements.

The financial information relating to the six months ended 30 June 2013 and 30 June 2012 is unaudited.

The results for the year ended 31 December 2012 are not statutory accounts. A copy of the statutory accounts for the year has been delivered to the Register 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 the provisions of FRS 1 (Revised) the company is exempt from the requirements to prepare a cash flow statement, as it is a wholly-owned subsidiary of Canary Wharf Group plc, which has prepared a consolidated cash flow statement.

2. INTEREST RECEIVABLE AND SIMILAR INCOME

Audited Year ended 31 December 2012 £		Unaudited Six months ended 30 June 2013 £	Unaudited Six months ended 30 June 2012 £
21,432	Bank interest receivable	9,418	11,592
143,153,653	Interest receivable from group undertakings	69,990,108	71,828,704
143,175,085		69,999,526	71,840,296

3. INTEREST PAYABLE AND SIMILAR CHARGES

Audited Year ended 31 December 2012 £		Unaudited Six months ended 30 June 2013 £	Unaudited Six months ended 30 June 2012 £
142,979,111	Interest payable on securitised debt	69,874,023	71,746,823
3,189,411	Fair value adjustments on derivative financial instruments	(31,894,286)	(359,713)
(926,700)	Hedge reserve recycling (Note 8)	(448,261)	(468,368)
145,241,822		37,531,476	70,918,742

Included in the interest payable on securitised debt is £679,024 (30 June 2012: £1,000,758) payable in respect of notes acquired by a fellow subsidiary undertaking.

4. TAXATION

No provision for corporation tax has been made since the taxable profit for the period will be covered by the group relief expected to be made available to the company by other companies in the group. No charge will be made by other group companies for the surrender of group relief. There is no unprovided deferred taxation.

5. DEBTORS

Audited 31 December 2012 £		Unaudited 30 June 2013 £	Unaudited 30 June 2012 £
	Due within one year:		
88,406,271	Loan to fellow subsidiary undertaking	91,677,185	84,685,575
2,145,502	Amounts owed by fellow subsidiary undertakings	2,135,302	2,132,562
2,026	Accrued interest receivable	2,164	3,641
90,553,799		93,814,651	86,821,778
	Due after more than one year:		
2,355,209,457	Loan to fellow subsidiary undertaking	2,322,236,889	2,388,206,226

The loans to a fellow subsidiary undertaking bear fixed rates of interest between 5.31% and 6.81% and are repayable in instalments between 2005 and 2035.

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

The amount of the loan due within one year comprises £26,543,505 (31 December 2012: £27,073,111) of interest and £65,133,680 (31 December 2012: £61,333,160) of capital.

The carrying values of debtors due within one year also represent their fair values. The fair value of the loans to group undertakings at 30 June 2013 was £2,713,492,000 (31 December 2012: £2,881,562,879), 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. CREDITORS: Amounts falling due within one year

Audited 31 December 2012 £		Unaudited 30 June 2013 £	Unaudited 30 June 2012 £
88,441,426	Securitised debt (Note 7)	91,712,133	84,708,044
10,200	Accruals and deferred income	7,560	7,560
88,451,626		91,719,693	84,715,604

The amount of the securitised debt due within one year comprises £26,578,453 (31 December 2012: £27,108,266) of interest and £65,133,680 (31 December 2012: £61,333,160) of capital.

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

Audited 31 December 2012 £		Unaudited 30 June 2013 £	Unaudited 30 June 2012 £
2,355,209,460	Securitised debt	2,322,236,891	2,388,206,228
286,411,840	Derivative financial instruments	220,188,277	278,016,285
2,641,621,300		2,542,425,168	2,666,222,513

The amounts at which borrowings are stated comprise:

Audited 31 December 2012 £		Unaudited 30 June 2013 £	Unaudited 30 June 2012 £
2,474,995,254	Brought forward	2,416,542,620	2,474,995,254
(57,532,640)	Repaid in period	(28,766,320)	(28,766,321)
(4,489,851)	Amortisation of issue premium	(2,175,060)	(2,264,311)
3,569,857	Accrued financing expenses	1,769,331	1,774,245
2,416,542,620	Carried forward	2,387,370,571	2,445,738,867
61,333,160	Payable within one year or on demand	65,133,680	57,532,639
2,355,209,460	Payable after more than one year	2,322,236,891	2,388,206,228
2,416,542,620		2,387,370,571	2,445,738,867

The company's securitised debt was issued in tranches, comprising classes A1, A3, A7, B, B3, C2 and D2. The 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 2013 £47,071,976 (31 December 2012: £49,247,036) remained unamortised.

At 30 June 2013 there were accrued financing costs of £22,072,674 (31 December 2012: £20,303,343) relating to future increases in margins as described below.

The securitised debt has a face value of £2,318,225,921 (31 December 2012: £2,346,992,241), of which £1,592,225,921 (31 December 2012: £1,620,992,241) carries fixed rates of interest between 5.95% and 6.80%. The other £726,000,000 (31 December 2012: £726,000,000) 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 5.11% and 5.80%.

The market value of the securitised debt at 30 June 2013 was £2,493,303,000 (31 December 2012: £2,595,152,000). At 30 June 2013 the fair value of the interest rate derivatives resulted in the recognition of a liability of £220,188,277 (31 December 2012: £286,411,840). Of this liability, £112,997,000 was in respect of interest rate swaps which qualify for hedge accounting (31 December 2012: £147,325,587) and £107,192,000 was in respect of interest rate swaps which do not qualify for hedge accounting (31 December 2012: £139,086,253).

£26,101,000 of B3 notes, £35,338,000 of C2 notes and £58,339,000 of D2 notes are held by a fellow subsidiary undertaking.

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

The securitised debt has a face value of £2,347.0m (2011: £2,404.5m) of which £1,621.0m (£2011: £1,678.5m) carries fixed rates of interest between 5.95% and 6.80%. The other £726.0m (2011: £726.0m) 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 rate notes, including margins, are between 5.30% and 6.74%.

8. RESERVES

	Hedging reserve	Profit and loss account	Total
	£	£	£
At 1 January 2013	(138,441,022)	(143,879,345)	(282,320,367)
Profit for the period	–	32,460,490	32,460,490
Fair value movement on effective hedging instruments	26,073,294	–	26,073,294
Interest paid on effective hedging instruments	8,255,983	–	8,255,983
Hedge reserve recycling	(448,261)	–	(448,261)
At 30 June 2013	(104,560,006)	(111,418,855)	(215,978,861)

9. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 30 June 2013 and 31 December 2012 the company had given a fixed charge over all its assets, including first fixed charges over its bank accounts, to secure the notes referred to in Note 7.