CANARY WHARF FINANCE II PLC
28 AUGUST 2014

PUBLICATION OF THE HALF YEARLY FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014, which will shortly be available from http://group.canarywharf.com/investors/canary-wharf-finance-ii-plc.

The information contained within this announcement, which was approved by the board of directors on 27 August 2014, 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 2014 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: 28 August 2014

Contact for queries:

J R Garwood
Company Secretary
Canary Wharf Finance II plc

Telephone: 020 7418 2000

INTERIM MANAGEMENT STATEMENT

This interim management statement relates to the six months ended 30 June 2014 and contains information that covers the period from 1 January 2014 to 27 August 2014, 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.

The company is a finance vehicle that issues securities which are backed by commercial mortgages over 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 2014, the company had £2,191,653,241 (31 December 2013: £2,285,659,081) of notes listed on the London Stock Exchange and had lent the proceeds to a fellow subsidiary undertaking, CW Lending II Limited ('the Borrower') under a loan agreement ('the Intercompany Loan Agreement'). The notes are secured on a pool of properties at Canary Wharf, owned by fellow subsidiary undertakings, and the rental income therefrom.

Sale and release of 10 Upper Bank Street

On 20 June 2014, 10 Upper Bank Street ('the Released Property'), which previously formed part of the pool of properties upon which the notes are secured, was sold and, at the request of the Borrower, released from the security granted in respect of the notes in accordance with Clause 17.20(a)(ii)(Substitution, release and addition of new Mortgaged Property) of the Intercompany Loan Agreement.

The Released Property was disposed of for consideration of £795,000,000 on 20 June 2014 and a portion of such consideration (as described below) was used to fund a partial redemption of class A1 notes.

On 22 July 2014 (the 'Redemption Date'), the company redeemed £577,900,000 in aggregate principal amount of the class A1 notes, together with all accrued interest to, but excluding, the Redemption Date (the 'Redemption').

As required by condition 5 (Redemption, Purchase and Cancellation), confirmation was obtained from the Rating Agencies that the then current ratings assigned by them in respect of the notes would not be adversely affected by the Redemption.

As a result of the Redemption, the Amortisation Amounts of the class A1 notes payable on each interest payment date falling after the Redemption Date up to 22 April 2030 were reduced.

The company is of the opinion that it was entitled to partially redeem the class A1 notes in accordance with condition 5(b)(iv) and that, accordingly, the amount payable to the holders of the class A1 notes pursuant to the Redemption was the amount stipulated in condition 5(c)(ii)(A), which was £577,900,000, plus accrued interest.

The note trustee indicated to the company that it was unclear to the note trustee as to whether the Redemption should take place under condition 5(b)(iv) or condition 5(c) of the notes.

If Redemption had taken place under condition 5(c), then the price at which the class A1 notes would have been redeemed would have been 129.20 per cent., so that an additional amount of £168,746,800 (the 'Premium') would have been payable to the holders of the class A1 notes.

The company is currently preparing an application to Court for a declaration as to whether, on a true construction of the terms and conditions of the notes and other relevant contractual documentation, the class A1 notes should have been partially redeemed under condition 5(b)(iv) or condition 5(c).

The Borrower agreed, without prejudice to its interpretation of the terms and conditions of the notes (including condition 5(b)(iv) and the amount payable pursuant to the Redemption), to place (and has placed) on deposit with Deutche Bank AG, London Branch (in its capacity as an escrow agent, the "Note Premium Escrow Agent") an amount (the 'Note Premium Escrow Amount') equal to the Premium together with interest at the rate of 6.455 per cent. per annum for the period from (and including) the Redemption Date to (but excluding) the next interest payment date in respect of the notes. The Note Premium Escrow Agent holds the Note Premium Escrow Amount in an account with itself (the 'The Note Premium Escrow Account'). The Note Premium Escrow Agent has agreed to release amounts standing to the credit of the Note Premium Escrow Account if and/or when:

(i) a final order is made that the Redemption should have been made under condition 5(b)(iv) or the company and the note trustee agree that the Redemption should have been made under condition 5(b)(iv), in which case the amount standing to the credit of the Note Premium Escrow Account shall be paid to the Borrower;

(ii) a final order is made that the Redemption should have been under condition 5(c) or the company and the note trustee agree that the Redemption should have been under condition 5(c), in which case an amount equal to the Premium together with accrued interest from (and including) the Redemption Date to (but excluding) the Premium Payment Date (as defined below) shall be paid to the company from the Note Premium Escrow Account for payment to the holders of the class A1 notes. If the balance of the Note Premium Escrow Account is less than any amount payable to the holders of the class A1 notes, the Borrower has agreed to pay to the company an amount equal to the difference, but if the balance of the Note Premium Escrow Account is more than any amount payable to the holders of the class A1 notes, then the surplus amount will be paid to the Borrower; and

(iii) the company and the holders of the class A1 notes (acting by an extraordinary resolution) agree on an amount payable in relation to the Redemption, in which case the amount agreed to be paid to the holders of the class A1 notes will be paid from the Note Premium Escrow Account to the company for payment to the holders of the class A1 notes and the remaining balance will be paid to the Borrower.

A final order shall be deemed to have been made when an order, judgement, award, decision or decree which represents a final adjudication by a court of competent jurisdiction has been made as to whether redemption of the class A1 notes should be under condition 5(b)(iv) or 5(c) and the time for appeal from such order, judgement, award, decision or decree has expired without an appeal having been made.

Upon the occurrence of any of the events specified at paragraphs (i) to (iii) (inclusive) above, the company has agreed, as soon as reasonably practicable after the occurrence of such event, to give notice to holders of the class A1 notes in accordance with the terms and conditions of the notes of the occurrence of such event and, where applicable, of the amount which is payable to the holders of the class A1 notes (the 'Premium Payment Notice'). If an amount is required to be paid to holders of the class A1 notes, as described at paragraphs (ii) or (iii) above, the company has agreed to pay the relevant amount to the holders of the class A1 notes on the later of (i) the Redemption Date; and (ii) the date falling 10 business days after the date of the Premium Payment Notice (the 'Premium Payment Date'), with interest calculated up to, but excluding, the Premium Date (where the latter falls after the Redemption Date).

The release by the note trustee of the security held by it over the Released Property was made on the condition that the Borrower placed the Note Premium Escrow Amount with the Note Premium Escrow Agent on the terms of the Escrow Documents referred to and summarised above.

On 20 June 2014, the company also entered into a transaction with, inter alios, Canary Wharf Finance (Investments) Limited ('CWFIL'). Canary Wharf Holdings Limited ('CWHL') and the Borrower whereby (i) CWFIL released the company from its obligations under the class B3 notes and class C2 notes held by CWFIL immediately prior to the Redemption Date having the principal amount outstanding of £26,101,000 and £35,338,000, respectively (the 'Cancelled Notes'), and (ii) the Cancelled Notes were subsequently cancelled.

In connection with such cancellation, the company: (i) paid consideration for the release (the 'Release Consideration') to CWHL; (ii) effected partial termination of the swap transactions entered into in respect of the Cancelled Notes and made a payment of the associated termination amounts totalling £17,875,000 to Barclays Bank plc in its capacity as the swap counterparty; and (iii) partially released the Borrower from its obligations under the loans corresponding to the Cancelled Notes by reducing the principal amount outstanding thereunder by £26,101,000 and £35,338,000, respectively (the 'Borrower Loan Release'), such partial release being in consideration for the payment by the Borrower of an amount equal to the aggregate of the Release Consideration and the amounts required to be paid by the company to the swap counterparty in connection with the termination of the swap transactions as described in (ii) above. Such payment by the Borrower was financed, ultimately, by a subordinated loan made by Canary Wharf Limited to CWCB Finance II Limited.

Other matters relating to the securitisation

The securitisation continues to have 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 2014, AIG had posted £223.6 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.

Results for the period

Details of significant events since the balance sheet date are contained in Note 11.

As shown in the company's profit and loss account, the company's loss after tax for the six month period was £8,106,232 (period ended 30 June 2013: profit of £32,460,490).

This loss included an unrealised fair value loss on derivative financial instruments and hedge reserve recycling of £9,530,158 (30 June 2013: gain of £32,342,547) and certain exceptional items relating to the cancellation of £61,439,000 of floating rate notes on 20 June 2014 and the partial redemption of class A1 notes on 22 July 2014. Such exceptional items resulted in a net gain of £1,263,189 (30 June 2013: £Nil). Excluding the fair value loss on derivative financial instruments and the exceptional profit, the profit for the period was £160,737 (30 June 2013: £117,943).

The balance sheet shows the company's financial position at the period end and indicates that net liabilities were £192,090,136 (31 December 2013: £187,070,222).

The movement in the financial position of the company is primarily due to the impact of the fair value of financial instruments, derived by reference to the market values provided by the relevant counter parties.

Financial Reporting Standard 26 (Financial Instruments: Recognition and Measurement) ('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 underlying net asset value of the company at 30 June 2014 was as follows:

Audited 31 December 2013 £		Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
(187,070,222)	Net liabilities per balance sheet	(192,090,136)	(215,928,861)
191,443,661	Add back: Effects of FRS 26	196,624,311	220,188,277
4,373,439	Adjusted net assets	4,534,175	4,259,416

Audited 31 December 2013 £		Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
2,285,659,081	Securitised debt	2,191,653,241	2,318,225,921
139,259,568	Financing cost (before adjustments for FRS26)	65,359,129	69,874,023
231,966	Adjusted profit before tax and FRS26	160,737	117,943
14.7 years	Weighted average maturity of debt	12.0 years	14.9 years
6.2%	Weighted average interest rate	6.2%	6.2%

The adjusted profit before tax comprises the loss on ordinary activities before tax of £8,106,232 (30 June 2013: £32,460,490) adjusted for the FRS 26 items listed in Note 3, totalling £8,266,969 (30 June 2013: £32,342,547).

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 2014 the company had a deficit of £192,090,136 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.

Cyclical nature of the property market

The valuation of the Canary Wharf Group's assets is subject to many external economic and market factors. Turmoil in the financial markets and uncertainty in the Eurozone in recent years was initially reflected in the property market by such factors as a 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. However, fears of an oversupply of available space in the market have been mitigated by the difficulty in securing finance for speculative development leading to 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.

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 and to diversify the tenant base.

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 2013 valuations of the properties upon which the company's notes are secured, the LMCTV ratio at the interest payment date in July 2014 following the sale and release of 10 Upper Bank Street was 57.3%. The 30 June 2014 valuations were not available at the date of signing this interim management statement. The securitisation is not subject to a minimum interest coverage ratio. A breach of certain financial covenants 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 2014

Audited Year ended 31 December 2013 £		Note	Unaudited Six months ended 30 June 2014 £	Unaudited Six months ended 30 June 2013 £
(17,760)	Administrative expenses		(7,824)	(7,560)
(17,760)	**OPERATING LOSS**		(7,824)	(7,560)
139,509,294	Interest receivable before exceptional items	**2**	65,527,690	69,999,526
	Exceptional items:			
–	Premium on repayment of loan by fellow subsidiary undertaking	**2**	8,418,815	–
–	Accrued premium on repayment of loan by fellow subsidiary undertaking	**2**	171,469,952	–
–	Adjustment to issue premium amortisation	**2**	(15,645,111)	–
(91,892,250)	Interest payable and similar charges before exceptional items	**3**	(74,889,287)	(37,531,476)
	Exceptional items:			
–	Discount on cancellation of notes	**3**	9,456,185	–
–	Adjustment to issue premium amortisation	**3**	15,645,111	–
–	Provision for premium on repayment of class A1 notes	**3**	(171,469,952)	–
–	Discontinuation of prospective hedge accounting	**3**	1,263,189	–
–	Swap breakage fees	**3**	(17,875,000)	–
47,599,284	**(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**		(8,106,232)	32,460,490
–	Tax on profit on ordinary activities	**4**	–	–
47,599,284	**(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE PERIOD/YEAR**	**10**	(8,106,232)	32,460,490

Movements in reserves are shown in Note 10 of this Half Yearly Financial Report.

All amounts relate to continuing activities in the United Kingdom.

The Notes numbered 1 to 12 form an integral part of this Half Yearly Financial Report.

The Half Yearly Financial Report for the six months ended 30 June 2014 was approved by the Board of Directors on 27 August 2014

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE SIX MONTHS ENDED 30 JUNE 2014

Audited Year ended 31 December 2013 £		Unaudited Six months ended 30 June 2014 £	Unaudited Six months ended 30 June 2013 £
47,599,284	(Loss)/profit for the financial period/year	(8,106,232)	32,460,490
31,905,094	Fair value movement on effective hedging instruments	(21,401,390)	26,073,294
16,582,190	Interest paid on effective hedging instruments	26,178,930	8,255,983
	Termination of hedge reserve recycling	(1,263,189)	–
(886,423)	Hedge reserve recycling	(428,032)	(448,261)
95,200,145	Total recognised (losses)/gains relating to the period/year	(5,019,913)	66,341,506

The Notes numbered 1 to 12 form an integral part of this Half Yearly Financial Report.

BALANCE SHEET AT 30 JUNE 2014

Unaudited 31 December 2013 £		Note	Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
	CURRENT ASSETS			
	Debtors	**5**		
2,289,333,739	Amounts falling due after one year		1,641,234,806	2,322,236,889
93,598,310	Amounts falling due within one year		212,639,006	93,814,651
2,269,537	Cash at bank	**6**	589,647,665	2,164,460
2,385,201,586			2,443,521,477	2,418,216,000
(91,494,406)	**CREDITORS: Amounts falling due within one year**	**7**	(641,927,654)	(91,719,693)
2,293,707,180	**NET CURRENT ASSETS**		1,801,593,823	2,326,496,307
2,293,707,180	**TOTAL ASSETS LESS CURRENT LIABILITIES**		1,801,593,823	2,326,496,307
(2,480,777,402)	**CREDITORS: Amounts falling due after more than one year**	**8**	(1,822,214,007)	(2,542,425,168)
–	Provision for liabilities	**9**	(171,469,952)	–
(187,070,222)	**NET LIABILITIES**		(192,090,136)	(215,928,861)
	CAPITAL AND RESERVES			
50,000	Called-up share capital		50,000	50,000
(90,840,161)	Hedging reserve	**10**	(87,753,842)	(104,560,006)
(96,280,061)	Profit and loss account	**10**	(104,386,294)	(111,418,855)
(187,070,222)	**SHAREHOLDER'S DEFICIT**		(192,090,136)	(215,928,861)

The Notes numbered 1 to 12 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 2013, 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 2014 and 30 June 2013 is unaudited.

The results for the year ended 31 December 2013 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 2013 £		Unaudited Six months ended 30 June 2014 £	Unaudited Six months ended 30 June 2013 £
	Before exceptional items:		
18,901	Bank interest receivable	56,374	9,418
139,490,393	Interest receivable from group undertakings	65,471,316	69,990,108
139,509,294		65,527,690	69,999,526
	Exceptional items:		
–	Premium on repayment of loan by fellow subsidiary undertaking	8,418,815	–
–	Accrued premium on repayment of loan by fellow subsidiary undertaking	171,469,952	–
–	Adjustment to issue premium amortisation	(15,645,111)	–

On 20 June 2014, the loan to a fellow subsidiary undertaking was part repaid to fund the cancellation of certain floating rate notes as referred in Note 8. A net repayment premium of £8,418,815 was charged to cover the net cost of cancelling the debt.

An additional amount of £171,469,952 has been accrued as recoverable from the fellow subsidiary undertaking to cover the potential premium payable to the holders of the class A1 notes which were redeemed in part following the period end on 22 July 2014.

The part repayment of the intercompany loan resulted in an adjustment to the amortisation profile of the premium paid on issue of the loan, resulting in £15,645,111 being taken to the profit and loss account on 20 June 2014. This has been treated as an exceptional item.

3. INTEREST PAYABLE AND SIMILAR CHARGES

Audited Year ended 31 December 2013 £		Unaudited Six months ended 30 June 2014 £	Unaudited Six months ended 30 June 2013 £
	Before exceptional items:		
139,259,568	Interest payable on securitised debt	65,359,129	69,874,023
(46,480,895)	Fair value adjustments on derivative financial instruments	9,958,190	(31,894,286)
(886,423)	Hedge reserve recycling (Note 10)	(428,032)	(448,261)
91,892,250		74,889,287	37,531,476
	Exceptional items:		
–	Discount on cancellation of notes	(9,456,185)	–
–	Adjustment to issue premium amortisation	(15,645,111)	–
–	Provision for premium on repayment of class A1 notes	171,469,952	–
–	Discontinuation of prospective hedge accounting	(1,263,189)	–
–	Swap breakage fees	17,875,000	–

The company has provided for £171,469,952 at 30 June 2014 in respect of the potential premium payable to the holders of the class A1 notes following the partial redemption thereof on 22 July 2014, being an amount of £168,746,800, plus one quarter's interest at 6.455%.

The partial redemption of the class A1 notes has given rise to an adjustment to the amortisation profile of the premium received on issue of the notes, resulting in £15,645,111 being taken to the profit and loss account on 20 June 2014. This has been treated as an exceptional item.

On 20 June 2014, an intermediate parent undertaking assumed the company's obligations in respect of £26,101,000 of class B3 notes and £35,338,000 of class C2 notes, which were held by a fellow subsidiary undertaking. These notes were then cancelled. The company paid consideration of £51,982,815 together with accrued interest of £142,763. The profit on disposal of the notes of £9,456,185 has been taken to the profit and loss account and treated as an exceptional item.

The interest rate swaps relating to the notes cancelled were terminated on 20 June 2014 at a cost of £17,875,000. This amount has been taken to the profit and loss account and treated as an exceptional item.

Included in the interest payable on securitised debt is £855,913 (30 June 2013: £679,024) payable in respect of notes acquired by a fellow subsidiary undertaking.

4. TAXATION

No provision for taxation has been made in view of the tax loss for the period. There is no unprovided deferred taxation.

5. DEBTORS

Audited 31 December 2013 £		Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
	Due within one year:		
91,448,009	Loan to fellow subsidiary undertaking	38,979,964	91,677,185
2,148,242	Amounts owed by fellow subsidiary undertakings	2,138,042	2,135,302
–	Other debtors	171,469,952	–
2,059	Accrued interest receivable	51,048	2,164
93,598,310		212,639,006	93,814,651
	Due after more than one year:		
2,289,333,739	Loan to fellow subsidiary undertaking	1,641,234,806	2,322,236,889

The loans to a fellow subsidiary undertaking bear fixed rates of interest between 5.12% and 7.07% and are repayable in instalments between 2005 and 2035.

On 20 June 2014, the loan to a fellow subsidiary undertaking was part repaid to fund the cancellation of certain floating rate notes as described in Note 8. A net repayment premium of £8,418,815 was charged to cover the net cost of cancelling the debt. An additional amount of £171,469,952 has been accrued as recoverable from the fellow subsidiary undertaking to cover the potential premium which the company may be directed to pay to the holders of the class A1 notes, which were partially redeemed on 22 July 2014.

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

The amount of the loan due within one year comprises £16,347,756 (31 December 2013: £26,314,329) of interest and £22,632,208 (31 December 2013: £65,133,680) 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 2014 was £1,869,120,605 (31 December 2013: £2,685,923,661), 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. CASH AT BANK

Audited 31 December 2013 £		Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
2,269,537	Cash at bank	589,647,665	2,164,460

On 30 June 2014, bank account balances included an amount of £587,344,365 in anticipation of partial redemption of class A1 notes in an amount equal to £577,900,000 on 22 July 2014, together with £9,444,365 of interest accrued up to that date.

7. CREDITORS: Amounts falling due within one year

Audited 31 December 2013 £		Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
91,484,206	Securitised debt (Note 8)	641,919,830	91,712,133
10,200	Accruals and deferred income	7,824	7,560
91,494,406		641,927,654	91,719,693

The amount of the securitised debt due within one year comprises £25,742,510 (31 December 2013: £26,350,526) of interest and £616,177,320 (31 December 2013: £65,133,680) of capital.

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

Audited 31 December 2013 £		Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
2,289,333,741	Securitised debt	1,625,589,696	2,322,236,891
191,443,661	Derivative financial instruments	196,624,311	220,188,277
2,480,777,402		1,822,214,007	2,542,425,168

The amounts at which borrowings are stated comprise:

Audited 31 December 2013 £		Unaudited 30 June 2014 £	Unaudited 30 June 2013 £
2,416,542,620	Brought forward	2,354,467,421	2,416,542,620
(61,333,160)	Repaid in period	(94,005,840)	(28,766,320)
(4,310,026)	Amortisation of issue premium	(17,724,465)	(2,175,060)
3,567,987	Accrued financing expenses	(970,100)	1,769,331
2,354,467,421	Carried forward	2,241,767,016	2,387,370,571
65,133,680	Payable within one year or on demand	616,177,320	65,133,680
2,289,333,741	Payable after more than one year	1,625,589,696	2,322,236,891
2,354,467,421		2,241,767,016	2,387,370,571

The company's securitised debt was issued in tranches, with notes of classes A1, A3, A7, B, B3, C2 and D2 remaining outstanding. The class 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 2014 £27,212,545 (31 December 2013: £44,937,010) remained unamortised.

At 30 June 2014 there were accrued financing costs of £22,901,230 (31 December 2013: £23,871,330) relating to future increases in margins as described below.

Until 20 June 2014 the notes were secured on seven properties at Canary Wharf, owned by fellow subsidiary undertakings, and the rental income stream therefrom.

On 20 June 2014, one of these properties, 10 Upper Bank Street, was released from the securitisation and sold. On 22 July 2014, subsequent to the period end, the company made a partial redemption of £577,900,000 in respect of class A1 notes. On 20 June 2014, an amount of £587,344,365 being the principal amount of the notes to be redeemed together with £9,444,365 of interest due on 22 July 2014, was transferred to a bank account designated for this purpose.

Sale and release of 10 Upper Bank Street

On 20 June 2014, 10 Upper Bank Street ('the Released Property'), which previously formed part of the pool of properties upon which the notes are secured, was sold and, at the request of the Borrower, released from the security granted in respect of the notes in accordance with Clause 17.20(a)(ii)(Substitution, release and addition of new Mortgaged Property) of the Intercompany Loan Agreement.

The Released Property was disposed of for consideration of £795,000,000 on 20 June 2014 and a portion of such consideration (as described below) was used to fund a partial redemption of class A1 notes.

On 22 July 2014 (the 'Redemption Date'), the company redeemed £577,900,000 in aggregate principal amount of the class A1 notes, together with all accrued interest to, but excluding, the Redemption Date (the 'Redemption').

As required by condition 5 (Redemption, Purchase and Cancellation), confirmation was obtained from the Rating Agencies that the then current ratings assigned by them in respect of the notes would not be adversely affected by the Redemption.

As a result of the Redemption, the Amortisation Amounts of the class A1 notes payable on each interest payment date falling after the Redemption Date up to 22 April 2030 were reduced.

The company is of the opinion that it was entitled to partially redeem the class A1 notes in accordance with condition 5(b)(iv) and that, accordingly, the amount payable to the holders of the class A1 notes pursuant to the Redemption was the amount stipulated in condition 5(c)(ii)(A), which was £577,900,000, plus accrued interest.

The note trustee indicated to the company that it was unclear to the note trustee as to whether the Redemption should take place under condition 5(b)(iv) or condition 5(c) of the notes.

If Redemption had taken place under condition 5(c), then the price at which the class A1 notes would have been redeemed would have been 129.20 per cent., so that an additional amount of £168,746,800 (the 'Premium') would have been payable to the holders of the class A1 notes.

The company is currently preparing an application to Court for a declaration as to whether, on a true construction of the terms and conditions of the notes and other relevant contractual documentation, the class A1 notes should have been partially redeemed under condition 5(b)(iv) or condition 5(c).

The Borrower agreed, without prejudice to its interpretation of the terms and conditions of the notes (including condition 5(b)(iv) and the amount payable pursuant to the Redemption), to place (and has placed) on deposit with Deutche Bank AG, London Branch (in its capacity as an escrow agent, the 'Note Premium Escrow Agent') an amount (the 'Note Premium Escrow Amount') equal to the Premium together with interest at the rate of 6.455 per cent. per annum for the period from (and including) the Redemption Date to (but excluding) the next interest payment date in respect of the notes. The Note Premium Escrow Agent holds the Note Premium Escrow Amount in an account with itself (the 'The Note Premium Escrow Account'). The Note Premium Escrow Agent has agreed to release amounts standing to the credit of the Note Premium Escrow Account if and/or when:

(i) a final order is made that the Redemption should have been made under condition 5(b)(iv) or the company and the note trustee agree that the Redemption should have been made under condition 5(b)(iv), in which case the amount standing to the credit of the Note Premium Escrow Account shall be paid to the Borrower;

(ii) a final order is made that the Redemption should have been under condition 5(c) or the company and the note trustee agree that the Redemption should have been under condition 5(c), in which case an amount equal to the Premium together with accrued interest from (and including) the Redemption Date to (but excluding) the Premium Payment Date (as defined below) shall be paid to the company from the Note Premium Escrow Account for payment to the holders of the class A1 notes. If the balance of the Note Premium Escrow Account is less than any amount payable to the holders of the class A1 notes, the Borrower has agreed to pay to the company an amount equal to the difference, but if the balance of the Note Premium Escrow Account is more than any amount payable to the holders of the class A1 notes, then the surplus amount will be paid to the Borrower; and

(iii) the company and the holders of the class A1 notes (acting by an extraordinary resolution) agree on an amount payable in relation to the Redemption, in which case the amount agreed to be paid to the holders of the class A1 notes will be paid from the Note Premium Escrow Account to the company for payment to the holders of the class A1 notes and the remaining balance will be paid to the Borrower.

A final order shall be deemed to have been made when an order, judgement, award, decision or decree which represents a final adjudication by a court of competent jurisdiction has been made as to whether redemption of the class A1 notes should be under condition 5(b)(iv) or 5(c) and the time for appeal from such order, judgement, award, decision or decree has expired without an appeal having been made.

Upon the occurrence of any of the events specified at paragraphs (i) to (iii) (inclusive) above, the company has agreed, as soon as reasonably practicable after the occurrence of such event, to give notice to holders of the class A1 notes in accordance with the terms and conditions of the notes of the occurrence of such event and, where applicable, of the amount which is payable to the holders of the class A1 notes (the "Premium Payment Notice"). If an amount is required to be paid to holders of the class A1 notes, as described at paragraphs (ii) or (iii) above, the company has agreed to pay the relevant amount to the holders of the class A1 notes on the later of (i) the Redemption Date; and (ii) the date falling 10 business days after the date of the Premium Payment Notice (the 'Premium Payment Date'), with interest calculated up to, but excluding, the Premium Date (where the latter falls after the Redemption Date).

The release by the note trustee of the Security held by it over the Released Property was made on the condition that the Borrower placed the Note Premium Escrow Amount with the Note Premium Escrow Agent on the terms of the Escrow Documents referred to and summarised above.

On 20 June 2014, the company also entered into a transaction with, inter alios, Canary Wharf Finance (Investments) Limited ('CWFIL'). Canary Wharf Holdings Limited ('CWHL') and the Borrower whereby (i) CWFIL released the company from its obligations under the class B3 notes and class C2 notes held by CWFIL immediately prior to the Redemption Date having the principal amount outstanding of £26,101,000 and £35,338,000, respectively (the 'Cancelled Notes'), and (ii) the Cancelled Notes were subsequently cancelled.

In connection with such cancellation, the company: (i) paid consideration for the release (the 'Release Consideration') to CWHL; (ii) effected partial termination of the swap transactions entered into in respect of the Cancelled Notes and made a payment of the associated termination amounts totalling £17,875,000 to Barclays Bank plc in its capacity as the swap counterparty; and (iii) partially released the Borrower from its obligations under the loans corresponding to the Cancelled Notes by reducing the principal amount outstanding thereunder by £26,101,000 and £35,338,000, respectively (the 'Borrower Loan Release'), such partial release being in consideration for the payment by the Borrower of an amount equal to the aggregate of the Release Consideration and the amounts required to be paid by the company to the swap counterparty in connection with the termination of the swap transactions as described in (ii) above. Such payment by the Borrower was financed, ultimately, by a subordinated loan made by Canary Wharf Limited to CWCB Finance II Limited.

Prior to redemption of £577,900,000 of A1 notes on 22 July 2014, the securitised debt had a face value at 30 June 2014 of £2,191,653,241 (31 December 2013: £2,285,659,081), of which £1,527,092,241 (31 December 2013: £1,559,659,081) carries fixed rates of interest between 5.95% and 6.80%. The other £664,561,000 (31 December 2013: £726,000,000) of the securitised debt carries floating rates of interest at LIBOR plus a margin. On 23 April 2014, the margin on the class C2 notes stepped up from 0.55% to 1.375% and the margin on the class D2 notes stepped up from 0.84% to 2.1%. 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. Following the step up in margins, the hedged rates of the floating notes, including the margins, are between 5.11% and 7.06%.

The market value of the securitised debt at 30 June 2014 was £2,250,396,000 (31 December 2013: £2,494,480,000). At 30 June 2014 the fair value of the interest rate derivatives resulted in the recognition of a liability of £196,624,311 (31 December 2013: £191,443,661). Of this liability, £94,060,763 was in respect of interest rate swaps which qualify for hedge accounting (31 December 2013: £98,838,303) and £102,563,548 was in respect of interest rate swaps which do not qualify for hedge accounting (31 December 2013: £92,605,358).

£58,339,000 of D2 notes are held by a fellow subsidiary undertaking.

9. PROVISION FOR LIABILITIES

On 22 July 2014, subsequent to the period end, the company partially redeemed class A1 notes in the amount of £577,900,000. On 20 June 2014, an amount of £587,344,365, being the principal amount to be redeemed under the notes together with £9,444,365 of interest due on 22 July 2014, was transferred to a bank account designated for this purpose.

Following the partial redemption of the class A1 notes, the company is preparing an application to court for a declaration as to whether an early redemption premium is payable to the class A1 note holders. The company has made a provision of £171,469,952 at 30 June 2014 in respect of this potential premium, being an amount of £168,746,800 plus one quarter's interest at 6.455%.

10. RESERVES

	Hedging reserve	Profit and loss account	Total
	£	£	£
At 1 January 2014	(90,840,161)	(96,280,062)	(187,120,223)
Loss for the period	–	(8,106,232)	(8,106,232)
Fair value movement on effective hedging instruments	(21,401,390)	–	(21,401,390)
Interest paid on effective hedging instruments	26,178,930	–	26,178,930
Hedge reserve recycling	(428,032)	–	(428,032)
Termination of hedge accounting	(1,263,189)	–	(1,263,189)
At 30 June 2014	(87,753,842)	(104,386,294)	(192,140,136)

11. POST BALANCE SHEET EVENTS

On 22 July 2014, there was a partial redemption of the class A1 notes in an amount equal to £577,900,000, together with accrued interest.

12. CONTINGENT LIABILITIES AND FINANCIAL COMMITMENTS

As at 30 June 2014 and 31 December 2013 the company had given security over all its assets, including security expressed as a first fixed charge over its bank accounts, to secure the notes referred to in Note 8.