

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 31/03/12 except for the LMCTV ratio which is based on valuations as at 31/12/11.

HIGHLIGHTS

Properties 95.9% let at 31 March 2012.

Valuations as at 31 December 2011 were £3,205.0 M

Briefing Note

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

Recent highlights regarding the mortgaged properties include –

- In January 2012, Bank New York Mellon extended its lease of floors 40, 41, 43, 47-49 (totalling 152,226 sqft) of One Canada Square for a term of eight years beginning January 2014, at a rent of £42.50/ sqft subject to an 18 months rent free period. Floors 40 & 41 are subject to a tenant-only break option at year 5, subject to a penalty equalling 10 months rent.
- HSBC exercised its break option on floor 8 (27,104 sqft) of One Canada Square with effect from March 2012. No such option was exercised in respect of floors 7 & 9 and as a result HSBC have been granted a further two months rent free on those floors (54,240 sqft) under the terms of the original lease.
- In January 2012 Mirae served notice to break their lease of Suites B & C on floor 19, 40 Bank Street (totalling 7,932 sq ft). The break will take effect from 22 June 2012.
- In January 2012 Situs Realty Services Limited vacated part floor 19, Bank Street (totalling 6,122 sq ft).
- In April 2012, MetLife agreed to lease part floor 34 (12,899 sq ft), One Canada Square for a term of 9 years beginning April 2012, subject to a 15 month rent free period. There is a break option in October 2018. If this is not exercised, the tenant will receive an additional 6 months' rent free.

On 31 January 2012, Standard & Poor's placed the notes on credit watch.

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The rental income figures for the pre-asset substitution properties below are based on actual receipts for Q1 2012.

Property Portfolio Summary

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA ⁽¹⁾	Actual Quarterly Rental Income Q1 2012	Estimated Annual Rental Income	Market Value ⁽²⁾
33 Canada Square	562,700 sq ft	562,700 sq ft	562,700 sq ft	£5.0	£20.1	£366.0m
One Canada Square	1,236,200 sq ft	1,220,700 sq ft	1,021,246 sq ft	£8.1	£46.6 ⁽³⁾	£650.0m
20 Bank Street	546,500 sq ft	546,500 sq ft	546,500 sq ft	£6.6	£26.2	£430.0m
40 Bank Street	607,400 sq ft	607,400 sq ft	596,343 sq ft	£6.5	£25.2 ⁽³⁾	£380.0m
10 Upper Bank Street	1,000,400 sq ft	1,000,400 sq ft	1,000,400 sq ft	£11.1	£44.3	£691.0m
10 Cabot Sq/5 North Colonnade	639,000 sq ft	639,000 sq ft	639,000 sq ft	£4.9	£19.6 ⁽⁵⁾	£370.0m
20 Cabot Sq/10 South Colonnade	562,000 sq ft	562,000 sq ft	562,000 sq ft	£3.9	£15.9 ⁽⁵⁾	£318.0m
Subtotal post substitution	5,154,200 sq ft	5,138,700 sq ft	4,928,189 sq ft	£46.1	£197.9 ⁽⁴⁾	£3,205.0m

Notes:

- (1) Area let as at 31st March 2012.
- (2) MV based valuation of the properties at 31st December 2011.
- (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 31st March 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 with subsequent annual RPI increases over the rest of the term until the expiry of the lease in June 2032.

Occupancy

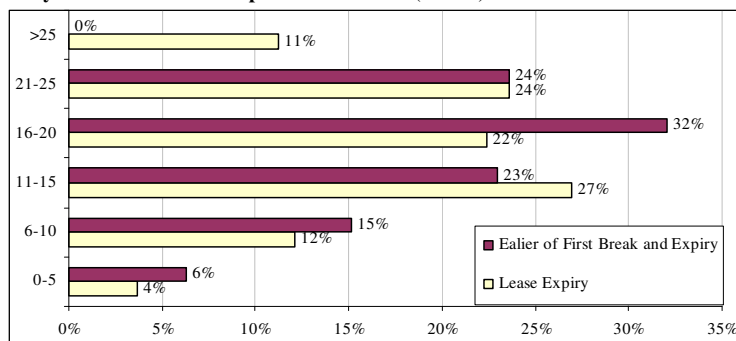
At 31st March 2012 the securitised property portfolio was 95.9% let.

Rent Reviews

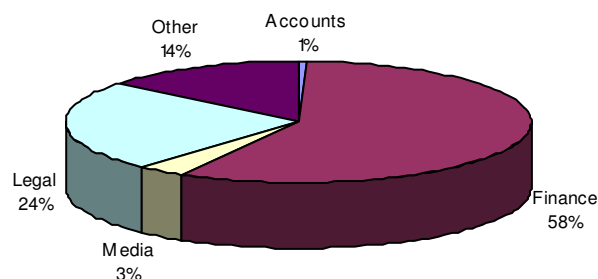
The 31 August 2011 rent review on 20 Bank Street let to Morgan Stanley, was agreed at the passing rent of £26.2m.

	Area	Passing Rent
Outstanding Rent Reviews	10,211 sqft	£447,973

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 15.9 years. The weighted average lease term reflecting all break options was 14.3 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
HSBC
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

	Q1 2012 actuals
Gross Rental (cash received in Q1 2012)	£46.1 m
B3 Defeasance	(£0.1 m)
C2 Defeasance	(£0.1 m)
Senior Expenses ⁽¹⁾	(£0.9 m)
Gross Debt	£2,375.7 m
Cash Reserves	<u>(£58.6 m)</u>
Net Debt	<u>£2,317.1 m</u>

Quarter 1 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	£1,685.1 m	(£26.2 m)	(£12.7 m)		1.73 x	1.35 x	50.8%
AA	£290.6 m	(£4.5 m)	(£1.7 m)	£0.06 m	1.47 x	1.14 x	59.8%
A	£275.0 m	(£3.7 m)		£3.73 m	1.31 x	1.04 x	68.4%
BBB	£125.0 m	(£1.8 m)		£1.81 m	1.25 x	1.00 x	72.3%
	<u>£2,375.7 m</u>	<u>(£36.2 m)</u>	<u>(£14.4 m)</u>	<u>£5.6 m</u>			

Reserve	Opening Balance ⁽⁵⁾	Period Movement	Closing Balance ⁽⁵⁾
Void Costs Ledger	£38.6 m	(£4.5 m)	£34.1 m
Cash Ledger	£0.5 m	£0.1 m	£0.6 m
B3 Defeasance Ledger	£1.0 m	£0.1 m	£1.1 m
C2 Defeasance Ledger			
Subtotal Coverage Reserves	£40.1 m	(£4.3 m)	£35.8 m
Cash Collateral	£26.0 m	(£3.2 m)	£22.8 m
Total Reserves	£66.1 m	(£7.5 m)	£58.6 m

Notes:

- Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- Total outstanding debt at 22nd April 2012, interest payable date.
- Interest paid on 22nd April 2012. Comprises bond interest of £29.3m and payments under interest rate swaps of £6.9m.
- Amortisation paid on 22nd April 2012.
- Opening balance is as at 22nd January 2012, closing balance is at 22nd April 2012.