

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 31/12/15.

HIGHLIGHTS

Properties 99.4% let at 31 December 2015.

Valuations as at 30 June 2015 were £3,193.0 M

LMCTV Ratio 48.4%

Briefing Note

Sale and release of 10 Upper Bank Street

In accordance with Clause 17.20(a)(ii)(Substitution, release and addition of new Mortgaged Property) of the Intercompany Loan Agreement, 10 Upper Bank Street (the "Released Property"), which used to be a Mortgaged Property in respect of the securitisation, was released from the securitisation on 20 June 2014.

The Released Property was disposed of for consideration of £795,000,000.00 on that date and the Release Prepayment Amount (as defined below) out of such consideration was used to fund a partial redemption of Class A1 Notes.

On 22 July 2014 (the "Redemption Date"), the Issuer redeemed £577,900,000.00 (being the Release Prepayment Amount for the Released Property) in aggregate principal amount of the Class A1 Notes at a price equal to the Release Prepayment Amount, 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 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 Issuer is of the opinion that it is entitled to 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 will be the amount stipulated in Condition 5(c)(ii)(A), which will be the Release Prepayment Amount, plus accrued interest.

The Trustee indicated to the Issuer that it is unclear to the Trustee as to whether the Redemption should take place under Condition 5(b)(iv) or Condition 5(c) of the Intercompany Loan Agreement.

If Redemption were to take place under Condition 5(c), then the price at which the Class A1 Notes would be redeemed would be 129.20 per cent., so that an additional amount of £168,746,800 (the "Premium") would be payable to the holders of the Class A1 Notes.

The Issuer made an application to the High Court for a declaration as to whether, on a true construction of the Conditions and other relevant contractual documentation, the Class A1 Notes should be redeemed under Condition 5(b)(iv) or Condition 5(c).

The Issuer's application for a declaration in relation to the Redemption was heard at a hearing in the High Court on 27 and 28 July 2015.

The Court's judgment handed down on 28 January 2016 was that the Redemption was made under Condition 5(c) of the Terms and Conditions of the Notes and that future redemptions carried out pursuant to the same contractual provisions as the Redemption will also be made under Condition 5 (c). The Issuer intends to apply for permission to appeal.

Under the judgment, subject to the outcome of any appeal, the Premium plus accrued interest is payable by the Issuer to the holders of the Class A1 Notes.

At the time of redemption of the notes CW Lending II Limited (the "Borrower") agreed, without prejudice to its interpretation of the Conditions (including Condition 5(b)(iv) and the amount payable pursuant to the Redemption), to place on deposit with Deutsche 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. 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 will 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 be under Condition 5(b)(iv) or the Issuer and the Trustee agree that the redemption of the Class A1 Notes should be 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 be under Condition 5(c) or the Issuer and the Trustee agree that the redemption of the Class A1 Notes should be 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) will be paid to the Issuer 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 will pay to the issuer 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 Issuer 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 Issuer 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 Issuer will, as soon as reasonably practicable after the occurrence of such event, give notice to holders of the Class A1 Notes in accordance with Condition 14 (Notice to Noteholders) 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 Issuer shall 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 Trustee of the Security held by it over the Released Property was made on the condition that the Borrower places the Note Premium Escrow Amount with the Note Premium Escrow Agent on the terms of the Escrow Documents referred to and summarised above.

Capitalised terms not otherwise defined in this section ("Sale and release of 10 Upper Bank Street") have the meanings given to them in the Seventh Restated Master Definitions Agreement entered into between amongst others, the Issuer and the Trustee on 20 June 2014.

Amendments to Master Definitions Agreement

On 18 July 2014, notice was given to the holders of the Notes that certain amendments were, with the agreement of the Trustee and with effect from 17 July 2014, made to the seventh restated master definitions agreement dated 17 June 2014 (as amended and restated from time to time) (the "Seventh Restated Master Definitions Agreement" or "MDA"), to the eighth supplemental agreement relating to the intercompany loan agreement dated 17 June 2014 (as amended and restated from time to time) (the "Eighth Restated Intercompany Loan Agreement" or "ICLA") and to the Conditions, to correct the following errors:

- A. *Step-Up Rates*: The Step-Up Rates (as defined in Condition 4(e)) were amended so that the total margin payable on the Class A7 Notes, the Class B3 Notes, the Class C2 Notes and the Class D2 Notes from the relevant Step-Up Date, after taking into account the Step-Up Rates (which are payable in addition to the original margins), is amended from being 3.5 times the original margin to 2.5 times the original margin to reflect the true intention of the parties; and
- B. *Fixed Rate*: the fixed rate of interest payable on the A7, B3, C2 and D2 Loans, from (and including) a Step-Up Date, under the ICLA, as set out in the definition of "Fixed Rate" in the MDA and ICLA, were amended to take into account the 0.01 per cent. per annum required pursuant to Clause 9.1 (b) of the ICLA, which had been omitted.

The Class A7 Notes, the Class B3 Notes, the Class C2 Notes and the Class D2 Notes are subject to the amendments.

1. Condition 4(e) (*Step-up Fees*) of the Notes set out in Schedule 4 to the Sixth Supplemental Trust Deed has been amended so as to be in the following form:

"(e) Step-up Fees

The Step-up Fees payable from time to time in respect of Floating Rate Notes of each class will be determined by the Agent Bank as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date.

The Class A7 Step-up Rate for each Interest Period beginning on the Class A7 Step-up Date shall be 0.285 per cent. per annum.

The Class B3 Step-up Rate for each Interest Period beginning on the Class B3 Step-up Date shall be 0.42 per cent. per annum.

The Class C2 Step-up Rate for each Interest Period beginning on Class C2 Step-up Date shall be 0.825 per cent. per annum.

The Class D2 Step-up Rate (and together with Class A7 Step-up Rate, the Class B3 Step-up Rate and the Class C2 Step-up Rate, the Step-up Rates) for each Interest Period beginning on the Class D2 Step-up Date shall be 1.26 per cent. per annum."

2. The Eighth Restated Intercompany Loan Agreement has been amended as follows:

- 2.1 The definition of Fixed Rate has been deleted and replaced with the following:

"Fixed Rate" means:

- (a) in relation to an A1 Loan, 6.465% per annum;
- (b) in relation to an A3 Loan, 5.962% per annum;

- (c) in relation to an A7 Loan:
 - (i) from (and including) the Sixth Effective Date to (but excluding) the Class A7 Step-Up Date, 5.1235% per annum;
 - (ii) from (and including) the Class A7 Step-Up Date, 5.4085% per annum;
- (d) in relation to a B Loan, 6.81% per annum;
- (e) in relation to a B3 Loan:
 - (i) from (and including) the Sixth Effective Date, to (but excluding) the Class B3 Step-Up Date, 5.1725% per annum; and
 - (ii) from (and including) the Class B3 Step-Up Date, 5.5925% per annum;
- (f) in relation to a C2 Loan:
 - (i) from (and including) the Sixth Effective Date, to (but excluding) the Class C2 Step-Up Date, 5.4516% per annum; and
 - (ii) from (and including) the Class C2 Step-Up Date, 6.2766% per annum; and
- (g) in relation to a D2 Loan:
 - (i) from (and including) the Sixth Effective Date, to (but excluding) the Class D2 Step-Up Date 5.8105% per annum; and
 - (ii) from (and including) the Class D2 Step-Up Date, 7.0705% per annum."

3. The Seventh Restated Master Definitions Agreement has been amended to reflect the amendments referred to in sections 1 and 2 above.

Capitalised terms not otherwise defined in this notice shall have the meanings given to them in the Seventh Restated Master Definitions Agreement entered into between, amongst others, the Issuer and the Trustee on 17 June 2014.

Recent activity regarding the mortgaged properties

- On 1st July 2015 a lease was completed with Currencies Direct Limited for 11,878 sq ft on part floor 45, One Canada Square. The lease is for a term of 10 years commencing 1st September 2015 at a rent of £48.00psf.
- On 28th July 2015 an agreement for lease was entered into with University College London (UCL) for 28,412 sq ft on floor 38, One Canada Square. The lease will begin 16th February 2016 and run for a term of 5 years at a rent of £43.00psf. The space is currently under lease to KPMG, who will be granted an early surrender conditional on the completion of the UCL lease.
- On 29th October 2015 a lease was completed with CWG (Wood Wharf Two) Limited for 27,585 sq ft on floor 31, One Canada Square. The lease is for a term of 5 years starting 22nd June 2015 at a rent of £42.50psf.
- On 15th December 2015 a reversionary lease was granted to Jones Lang LaSalle which will extend their current lease of 38,222 sq ft on floors 6&7, 40 Bank Street for a term of 5 years starting 4th March 2017 at a rent of £43.50. The lease contains a tenant break option on 4th March 2020.
- On 17th December 2015 an agreement for lease was concluded with Intel Corporation for 9,344 sq ft on floor 2, 40 Bank Street. The lease is for a 5 year term at a rent of £47.50. The lease is expected to complete March 2016.
- On 18th December 2015 St James's Place Wealth Management Group signed a lease for 19,113 sq ft on floor 4, 40 Bank Street. The lease is for a term of 10 years at a rent of £44.00psf
- On 18th December 2015 Trinity Mirror completed a reversionary lease for 57,735 sq ft on floors 22, 23 and part 24, One Canada Square. The lease starts at expiry of their current lease in June 2018 and is for a term of 10 years at £44.50.
- On 23rd December 2015 Australia and New Zealand Banking Group entered into a deed of variation removing their right to break on floors 27 and 28, 40 Bank Street. The tenant will benefit from an additional 3 months' rent free as a result of the removal of the break. In addition a right of first offer was granted on floors 26 and 29 if any parts of these floors are to become available to March 2022.
- Subsequent to the period end
 - On 12th January 2016 Adamson Associates expanded their area leased on floor 6 One Canada Square by 761 sq ft. The new lease is co-terminus with their current lease, expiring 1st September 2016 at a rent of £42.50. On the same day, a reversionary lease was granted to Adamson Associates to extend their lease of floor 6, One Canada Square. The reversionary lease on 7,004 sq ft will commence 2nd September 2016 for a term of 4 years at a rent of £45.00psf.
- Elsewhere on the estate, an agreement for lease was entered into with Ernst & Young to lease 56,692 sq ft on the 2 remaining floors in 25 Churchill Place. The lease of floor 13 is for a term of 24 years, while floor 11 for a term of 8 years to allow for the existing tenant's break option on this floor. If such tenant does not exercise, EY have a call option to extend their lease of the floor. The rent is £50.00psf.

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The rental income figures for the properties below are based on actual receipts for Q1 2015.

| Address | Whole Building NIA | Area Securitized NIA | Area Securitized Let NIA | Actual Quarterly Rental Income | Estimated Annualised after rent free ⁽¹⁾⁽³⁾ | Market Value ⁽²⁾ |
|--------------------------------|------------------------|----------------------------|-----------------------------|-----------------------------------|--|-----------------------------|
| 33 Canada Square | 562,700 sq ft | 562,700 sq ft | 562,700 sq ft | £5.0 m | £20.1 m | £426.0 |
| One Canada Square | 1,236,200 sq ft | 1,220,700 sq ft | 1,198,516 sq ft | £8.9 m | £47.9 m | £850.0 |
| 20 Bank Street | 546,500 sq ft | 546,500 sq ft | 546,500 sq ft | £6.6 m | £26.2 m | £526.0 |
| 40 Bank Street | 607,400 sq ft | 607,400 sq ft | 605,838 sq ft | £5.4 m | £24.6 m | £425.0 |
| 10 Cabot Sq/5 North Colonnade | 639,000 sq ft | 639,000 sq ft | 639,000 sq ft | £5.5 m | £21.6 m ⁽⁵⁾ | £525.0 |
| 20 Cabot Sq/10 South Colonnade | 562,000 sq ft | 562,000 sq ft | 562,000 sq ft | £4.7 m | £18.4 m ⁽⁵⁾ | £441.0 |
| Subtotal | 4,153,800 sq ft | 4,138,300 sq ft | 4,114,554 sq ft | £36.2 m | £158.8 m ⁽⁴⁾ | £3,193.0 |

Property Portfolio Summary

Notes:

- (1) Area let as at 31st December 2015.
- (2) MV based valuation of the properties at 30th June 2015.
- (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 2015 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 is subject to an RPI increases with a 0% floor and a 5% cap compounded annually over the 5 years to January 2015 with subsequent annual RPI increases over the rest of the term until the expiry of the lease in June 2032.

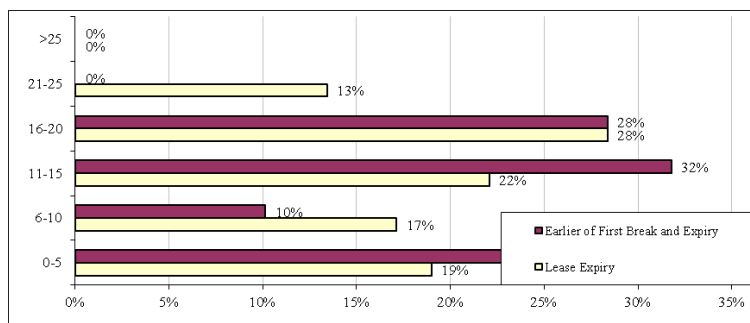
Occupancy

At 31st December 2015 the securitised property portfolio was 99.4% let.

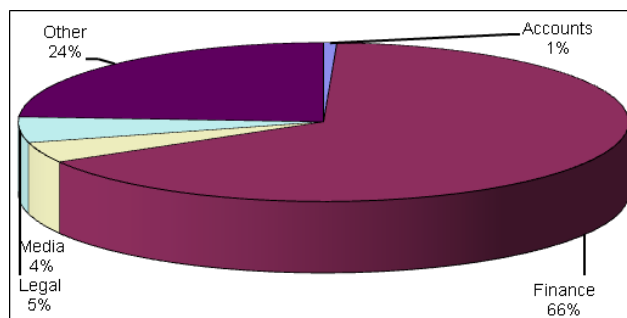
Rent Reviews

| | Area | Passing Rent |
|--------------------------|-----------------|--------------|
| Outstanding Rent Reviews | 1,002,440 sq ft | £36,566,029 |

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 sq ft) was 12.0 years. The weighted average lease term reflecting all break options was 10.0 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
European Banking Authority
National Bank of Abu Dhabi

20 Bank Street

Morgan Stanley UK Group

40 Bank Street

Skadden Arps
Allen & Overy
BGC International
Barclays Bank plc
Shell International Limited
Australia and New Zealand Bank

5 North Colonnade

Barclays Bank Plc

10 South Colonnade

Barclays Bank Plc

Canary Wharf Finance II plc

Financial Considerations

| | Q1 2015 Actuals |
|--|-----------------|
| Gross Rental | £36.2 m |
| Interest on collateral accounts and other releases | £0.0 m |
| Gross Rental | £36.2 m |
| B3 Defeasance | (£0.3 m) |
| C2 Defeasance | (£0.3 m) |
| Senior Expenses ⁽¹⁾ | (£1.1m) |
| | £34.5 m |
| Gross Debt | £1,553.5 m |
| Cash Reserves | (£7.7 m) |
| Net Debt | £1,547.7 m |

Quarter 2 2015 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 post repayments ⁽²⁾ | Interest ⁽³⁾ | Principal ⁽⁴⁾ | Reserve Release | Interest Cover Ratio | Debt Service Cover Ratio | LMCTV |
|------------|---------------------------------------|-------------------------|--------------------------|-----------------|----------------------|--------------------------|-------|
| AAA | | | | | | | |
| - A1 | £328.2 m | (£5.4 m) | (£5.6 m) | | | | |
| - A3 | £400.0 m | (£6.0 m) | | | | | |
| - A7 | £222.0 m | (£2.9 m) | | | | | |
| | £950.2 m | (£14.2 m) | | | 2.47 x | 1.74 x | 29.5% |
| AA | | | | | | | |
| - B | £160.7 m | (£2.8 m) | (£1.7 m) | | | | |
| - B3 | £77.9 m | (£1.0 m) | | | | | |
| | £238.6 m | (£3.8 m) | | | 1.95 x | 1.36 x | 37.0% |
| A | | | | | | | |
| - C2 | £239.7 m | (£3.8 m) | | | 1.61 x | 1.18 x | 44.5% |
| BBB | | | | | | | |
| - D2 | £125.0 m | (£2.2 m) | | | 1.46 x | 1.10 x | 48.4% |
| | £1,553.5 m | (£24.0 m) | (£7.3 m) | | | | |

| Reserve | Opening Balance ⁽⁵⁾ | Period Movement | Closing Balance ⁽⁵⁾ |
|----------------------------|--------------------------------|-----------------|--------------------------------|
| Void Costs Ledger | | | |
| Cash Ledger | £0.0 m | £0.0 m | £0.0 m |
| B3 Defeasance Ledger | £0.7 m | £0.3 m | £1.0 m |
| C2 Defeasance Ledger | £1.7 m | £0.3 m | £2.0 m |
| Subtotal Coverage Reserves | £2.4 m | £0.6 m | £3.0 m |
| Cash Collateral | £5.5 m | (£0.8 m) | £4.7 m |
| Total Reserves | £7.9 m | (£0.2 m) | £7.7 m |

Notes:

- Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- Total outstanding debt at 22nd January 2016 interest payable date.
- Interest paid on 22nd January 2016 comprises bond interest of £16.7m and payments under interest rate swaps of £7.3m.
- Amortisation paid on 22nd January 2016.
- Opening balance is as at 22nd September 2015, closing balance is at 22nd January 2016.