

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 30/06/17.

HIGHLIGHTS

Properties 98.9% let at 30 June 2017.

Valuations as at 30 June 2017 were £3,278.5 M

LMCTV Ratio 45.7%

Briefing Note

Sale and release of 10 Upper Bank Street

In June 2014, 10 Upper Bank Street (the "Released Property"), which used to be a Mortgaged Property, was released from the securitisation.

In July 2014 the Issuer redeemed £577.9m (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.

Although Canary Wharf Finance II PLC ('the Issuer') was of the opinion that it was entitled to redeem the Class A1 Notes in accordance with Condition 5(b)(iv), the Trustee indicated to the Issuer that it was 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 were redeemed would be 129.20 per cent., so that an additional amount of £168.75 m (the "Premium") would be payable 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 the Premium on deposit with Deutsche Bank AG, London Branch (in its capacity as an escrow agent) together with interest at the rate of 6.455per cent. per annum.

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 in July 2015. The Court's judgment handed down in 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). However, in July 2016 the Issuer received permission to appeal and the hearing was fixed for June 2017.

In April 2017 all parties attended a formal mediation hearing. Although no agreement was reached at this hearing contact was maintained between the Issuer and noteholder representatives and eventually an offer was agreed and approved , comprising:

1. A premium will be payable on future redemptions at a rate of gilts plus 20 bps (or gilts flat in relation to voluntary redemptions of bonds not associated with the sale or release of properties); and
2. A principal and interest split of 25% for the Issuer and 75% for the relevant noteholders in relation to the July 2014 redemption.

This translated into payments on 14 June 2017 from the escrow account of £51.24m to the Issuer and the balance of £150.19m being paid to the relevant Class A1 note holders. The court proceedings have therefore been withdrawn.

Recent activity regarding the mortgaged properties

- The lease with Diligence International for 4,552 sq ft on part floor 10, One Canada Square was renewed. The lease is for a 1 year term commencing on 15th May 2017 at a rent of £55psf.
- On 31st May, 1st June and 2nd June, HSBC Bank PLC exercised their break options on floors 7, 8 and 9, One Canada Square respectively. The leases will terminate on 6th September 2017.
- On 22nd June 2017 a reversionary lease was concluded with Bellway Properties for 1,339sq ft on part floor 36, One Canada Square. The lease is for a 3 year term at a rent of £61psf commencing on 19th November 2017.
- Elsewhere on the estate, an agreement for lease was concluded with Motive Partners on 13th April 2017 for 13,476 sq ft on floor 8, 7 Westferry Circus. The lease is for a 10 year term at a rent of £50psf with a 24 month rent free incentive. They also have a right of first offer on floor 7.

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Address	Whole Building NIA	Area Securitised NIA	Area Securitised 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	£20.3 m	£408.0
One Canada Square	1,236,200 sq ft	1,220,700 sq ft	1,198,757 sq ft	£12.2 m	£48.9 m	£910.0
20 Bank Street	546,500 sq ft	546,500 sq ft	546,500 sq ft	£6.6 m	£26.2 m	£533.0
40 Bank Street	607,400 sq ft	607,400 sq ft	584,051 sq ft	£5.9 m	£25.1 m	£440.0
10 Cabot Sq/5 North Colonnade	639,000 sq ft	639,000 sq ft	639,000 sq ft	£5.7 m	£22.8 m ⁽⁵⁾	£525.0
20 Cabot Sq/10 South Colonnade	562,000 sq ft	562,000 sq ft	562,000 sq ft	£4.8 m	£19.2 m ⁽⁵⁾	£462.5
Subtotal	4,153,800 sq ft	4,138,300 sq ft	4,093,008 sq ft	£40.2 m	£162.4 m ⁽⁴⁾	£3,278.5 m

The rental income figures for the properties below are based on actual receipts for Q2 2017.

Property Portfolio Summary

Notes:

- (1) Area let as at 30th June 2017.
- (2) MV based on valuation of the properties at 30th June 2017.
- (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 30th June 2017 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.

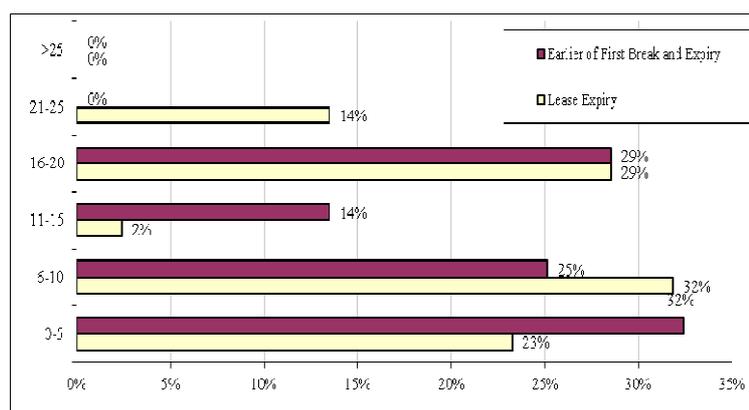
Occupancy

At 30th June 2017 the securitised property portfolio was 98.9% let.

Rent Reviews

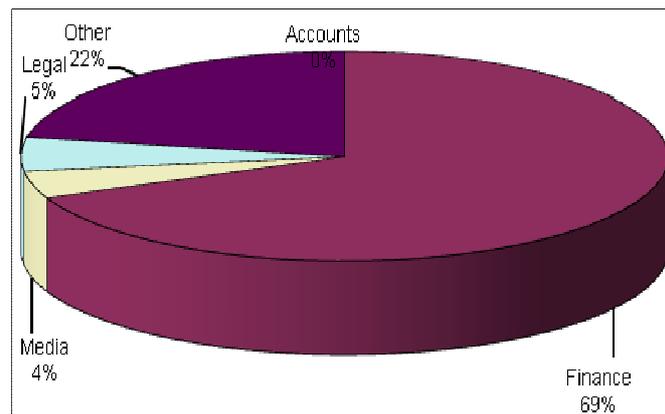
	Area	Passing Rent
Outstanding Rent Reviews	898,586 sq ft	£39,303,657

Analysis of Office Lease Expiries and Breaks (Note 1)



- (1) The weighted average unexpired lease term of the securitised office portfolio (by sq ft) was 10.7 years. The weighted average lease term reflecting all break options was 8.6 years.

Concentration of Leases by Area



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
Shell International Limited
Australia and New Zealand Bank

5 North Colonnade

Barclays Bank Plc

10 South Colonnade

Barclays Bank Plc

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Financial Considerations

	Q2 2017 Actuals
Gross Rental	£40.2 m
Interest on collateral accounts and other releases	£0.0 m
Gross Rental	£40.2 m
B3 Defeasance	(£0.3 m)
C2 Defeasance	(£0.4 m)
Senior Expenses ⁽¹⁾	(£1.0m)
	£38.5 m
Gross Debt	£1,509.5 m
Cash Reserves	(£9.6 m)
Net Debt	£1,499.9 m

Quarter 2 2017 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	£294.6 m	(£4.9 m)	(£5.6 m)				
- A3	£400.0 m	(£6.0 m)					
- A7	£222.0 m	(£3.0 m)					
	£916.6 m	(£13.8 m)			2.84 x	1.98 x	27.7%
AA							
- B	£150.3 m	(£2.6 m)	(£1.7 m)				
- B3	£77.9 m	(£1.1 m)					
	£228.2 m	(£3.7 m)			2.24 x	1.55 x	34.6%
A							
- C2	£239.7 m	(£3.7 m)			1.84 x	1.35 x	41.9%
BBB							
- D2	£125.0 m	(£2.2 m)			1.67 x	1.25 x	45.7%
	£1,509.5 m	(£23.4 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	£2.5 m	£0.3 m	£2.8 m
C2 Defeasance Ledger	£3.7 m	£0.4 m	£4.1 m
Subtotal Coverage Reserves	£6.3 m	£0.7 m	£6.9 m
Cash Collateral	£3.9 m ⁽⁶⁾	(£1.2 m)	£2.7 m
Total Reserves	£10.1 m	(£0.5 m)	£9.6 m

Notes:

- Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- Total outstanding debt at 21st July 2017 interest payable date.
- Interest paid on 21st July 2017 comprises bond interest of £15.8m and payments under interest rate swaps of £7.6m.
- Amortisation paid on 21st July 2017.
- Opening balance is as at 22nd April, closing balance is at 21st July 2017.
- Opening balance on Cash Collateral account corrected to reflect additions to the account in earlier periods in respect of lease surrenders.