

# *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 30/06/18.*

## **HIGHLIGHTS**

*Properties 97.4% let at 30 June 2018.*

*Valuations as at 30 June 2018 were £3,264.0 M*

*LMCTV Ratio 45.0%*

**Recent activity regarding the mortgaged properties**

- The lease with Level39 for 28,552 sq ft on floor 39, One Canada Square was renewed. The lease is for a 5 year term commencing 21<sup>st</sup> December 2017.
- On 5<sup>th</sup> April 2018, a reversionary lease was concluded with Level39 for 54,726 sq ft across floor 42 and part floor 24, One Canada Square. The leases are for a 4 year term commencing 4<sup>th</sup> September 2018.
- On 26<sup>th</sup> May 2018 an agreement for lease was concluded with The Office Group for 81,427 sq ft on floors 7, 8 and 9, One Canada Square. The lease is for a 20 year term commencing on 30<sup>th</sup> May 2018.
- On 25<sup>th</sup> June 2018 a reversionary lease was concluded with Herbert Smith Freehills for 37,680 sq ft on floors 16 and 17, 40 Bank Street. The leases are for an 8 year term commencing on 9<sup>th</sup> June 2020, upon expiry of the leases to Shell of these floors.

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The rental income figures for the properties below are based on rents billed for Q2 2018.

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA	Actual Quarterly Rental Income	Estimated Annualised after rent free <sup>(1)(3)</sup>	Market Value <sup>(2)</sup>
33 Canada Square	562,700 sq ft	562,700 sq ft	562,700 sq ft	£5.1 m	£20.3 m	£408.0
One Canada Square	1,236,200 sq ft	1,220,700 sq ft	1,111,932 sq ft	£9.2 m	£50.4 m	£895.0
20 Bank Street	546,500 sq ft	546,500 sq ft	546,500 sq ft	£6.6 m	£26.2 m	£527.0
40 Bank Street	607,400 sq ft	607,400 sq ft	607,400 sq ft	£5.5 m	£25.5 m	£430.0
10 Cabot Sq/5 North Colonnade	639,000 sq ft	639,000 sq ft	639,000 sq ft	£5.8 m	£23.7 m	£539.0
20 Cabot Sq/10 South Colonnade	562,000 sq ft	562,000 sq ft	562,000 sq ft	£5.0 m	£20.0 m <sup>(5)</sup>	£465.0
<b>Subtotal</b>	<b>4,153,800 sq ft</b>	<b>4,138,300 sq ft</b>	<b>4,029,532 sq ft</b>	<b>£37.1 m</b>	<b>£166.1 m <sup>(4)</sup></b>	<b>£3,264.0 m</b>

### Property Portfolio Summary

Notes:

- (1) Area let as at 30<sup>th</sup> June 2018.
- (2) MV based on valuation of the properties at 30<sup>th</sup> June 2018.
- (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 30<sup>th</sup> June 2018 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.

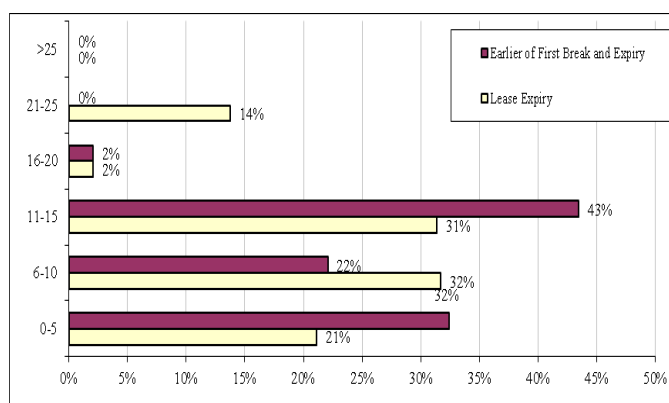
### Occupancy

At 30<sup>th</sup> June 2018 the securitised property portfolio was 97.4% let.

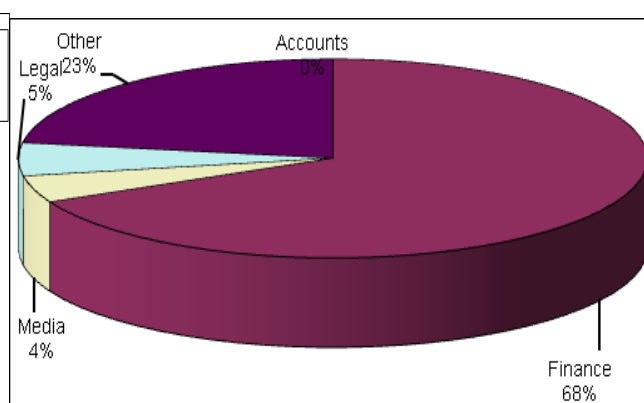
### Rent Reviews

	Area	Passing Rent
Outstanding Rent Reviews	799,177 sq ft	£37,266,866

### 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 10.8 years. The weighted average lease term reflecting all break options was 8.6 years.

### Major Tenants:

#### 33 Canada Square

Citigroup

#### One Canada Square

Bank of New York Mellon  
The Office Group  
Moody's Investor Services  
State Street  
FCA  
BBVA  
European Banking Authority  
First Abu Dhabi Bank

#### 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

The Secretary of State for Communities and Local Government

## Canary Wharf Finance II plc

### Financial Considerations

	Q2 2018 Actuals
Gross Rental	£37.1 m
Interest on collateral accounts and other releases	£0.0 m
Gross Rental	£37.1 m
B3 Defeasance	(£0.3 m)
C2 Defeasance	(£0.4 m)
Senior Expenses <sup>(1)</sup>	(£1.0m)
	£35.3 m
Gross Debt	£1,480.2 m
Cash Reserves	(£10.5 m)
Net Debt	£1,469.7 m

### Quarter 2 2018 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 <sup>(2)</sup>	Interest <sup>(3)</sup>	Principal <sup>(4)</sup>	Reserve Release	Interest Cover Ratio	Debt Service Cover Ratio	LMCTV
<b>AAA</b>							
- A1	£272.2 m	(£4.5 m)	(£5.6 m)				
- A3	£400.0 m	(£6.0 m)					
- A7	£222.0 m	(£3.0 m)					
	£894.2 m	(£13.4 m)			2.68 x	1.85 x	27.1%
<b>AA</b>							
- B	£143.4 m	(£2.5 m)	(£1.7 m)				
- B3	£77.9 m	(£1.1 m)					
	£221.3 m	(£3.6 m)			2.12 x	1.45 x	33.9%
<b>A</b>							
- C2	£239.7 m	(£3.8 m)			2.12 x	1.45 x	41.2%
<b>BBB</b>							
- D2	£125.0 m	(£2.2 m)			1.57 x	1.17 x	45.0%
	<b>£1,480.2 m</b>	<b>(£23.0 m)</b>	<b>(£7.3 m)</b>				

Reserve	Opening Balance <sup>(5)</sup>	Period Movement	Closing Balance <sup>(5)</sup>
Void Costs Ledger			
Cash Ledger	£0.0 m	£0.0 m	£0.0 m
B3 Defeasance Ledger	£3.8 m	£0.3 m	£4.1 m
C2 Defeasance Ledger	£5.2 m	£0.4 m	£5.6 m
Subtotal Coverage Reserves	£9.0 m	£0.7 m	£9.7 m
Cash Collateral	£0.8 m <sup>(6)</sup>		£0.8 m
Total Reserves	£9.8 m	£0.7 m	£10.5 m

#### Notes:

- Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- Total outstanding debt at 22<sup>nd</sup> July 2018 interest payable date.
- Interest paid on 22<sup>nd</sup> July 2018 comprises bond interest of £16.0m and payments under interest rate swaps of £6.9m.
- Amortisation paid on 22<sup>nd</sup> July 2018.
- Opening balance is as at 22<sup>nd</sup> April, closing balance is at 22<sup>nd</sup> July 2018.
- Opening balance on Cash Collateral account corrected to reflect additions to the account in earlier periods in respect of lease surrenders.