

# *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 30/09/18.*

## **HIGHLIGHTS**

*Properties 96.8% let at 30 September 2018.*

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

*LMCTV Ratio 44.8%*

**Recent activity regarding the mortgaged properties**

- On 7<sup>th</sup> August 2018, Interquest Group surrendered their lease for 2,666 sq ft on part floor 18, 40 Bank Street.
- Subsequently to the above, an agreement for lease was concluded with ServCorp for 2,666 sq ft on part floor 18, 40 Bank Street. The lease is for a 2 year term commencing on 7<sup>th</sup> August 2018.
- On 7<sup>th</sup> August 2018, a reversionary lease was concluded with ServCorp for 7,442 sq ft on part floor 18, 40 Bank Street. The lease is for a 10 year term commencing 21<sup>st</sup> September 2020.
- On 23<sup>rd</sup> August 2018, an agreement for lease was concluded with Zion Capital for 1,997 sq ft on part floor 18, 40 Bank Street. The lease is for a 5 year term commencing 1<sup>st</sup> July 2019.
- On 31<sup>st</sup> August 2018, MetLife's lease for 22,072 sq ft on floor 50, One Canada Square was surrendered. On completion the tenant paid all rent, service charge and insurance rent due up to 26 October 2018 which was the break date on which the lease would have ended if it had not been for the surrender.
- On 1<sup>st</sup> September 2018, the lease with China Construction Bank for 9,797sq ft on part floor 18, 40 Bank Street expired.
- On 5<sup>th</sup> September 2018, an agreement for lease was concluded with Savannah Petroleum for 7,754 sq ft on part floor 18, 40 Bank Street. The lease is for a 10 year term commencing on 5<sup>th</sup> September 2018.
- Subsequent to the period end, a lease was agreed with UAE Exchange UK Limited in respect of 1,892 sq ft on floor 10, One Canada Square.

## Canary Wharf Finance II plc

The rental income figures for the properties below are based on rents billed for Q3 2018.

### Property Portfolio Summary

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	1,088,719 sq ft	£7.7 m	£50.1 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	£5.0 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	£5.1 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>4,006,319 sq ft</b>	<b>£35.3 m</b>	<b>£165.9 m <sup>(4)</sup></b>	<b>£3,264.0 m</b>

Notes:

- (1) Area let as at 30<sup>th</sup> September 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> September 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.

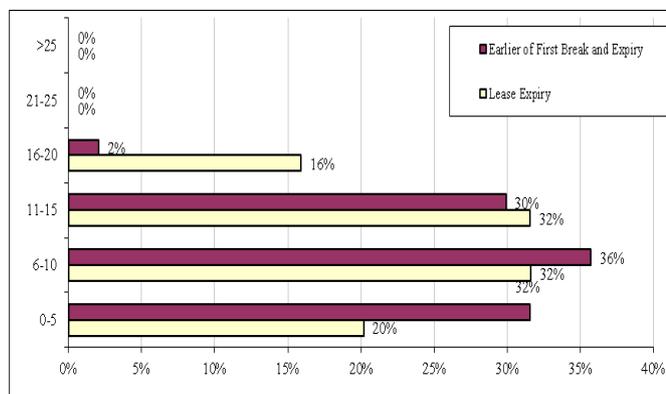
### Occupancy

At 30<sup>th</sup> September 2018 the securitised property portfolio was 96.8% let.

### Rent Reviews

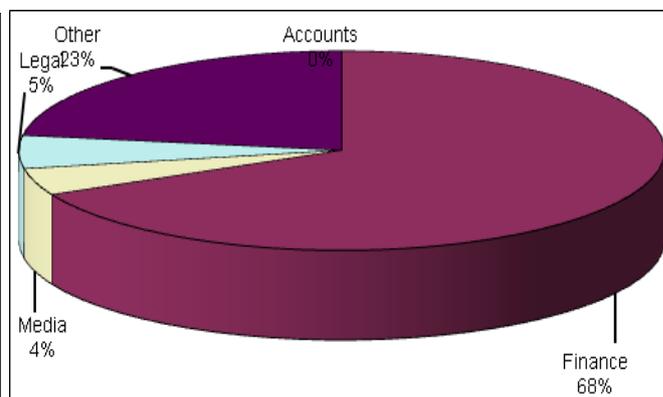
	Area	Passing Rent
Outstanding Rent Reviews	786,278 sq ft	£36,712,209

### 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 10.5 years. The weighted average lease term reflecting all break options was 8.4 years.

### Concentration of Leases by Area



### 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

	Q3 2018 Actuals
Gross Rental	£35.3 m
Interest on collateral accounts and other releases	£0.0 m
Gross Rental	£35.3 m
B3 Defeasance	(£0.3 m)
C2 Defeasance	(£0.4 m)
Senior Expenses <sup>(1)</sup>	(£1.0m)
	£33.5 m
Gross Debt	£1,472.8 m
Cash Reserves	(£11.3 m)
Net Debt	£1,461.5 m

### Quarter 3 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	£266.6 m	(£4.4 m)	(£5.6 m)				
- A3	£400.0 m	(£6.0 m)					
- A7	£222.0 m	(£3.0 m)					
	£888.6 m	(£13.4 m)			2.56 x	1.77 x	26.9%
<b>AA</b>							
- B	£141.7 m	(£2.4 m)	(£1.7 m)				
- B3	£77.9 m	(£1.1 m)					
	£219.6 m	(£3.5 m)			2.03 x	1.38 x	33.6%
<b>A</b>							
- C2	£239.7 m	(£3.8 m)			2.03 x	1.38 x	40.9%
<b>BBB</b>							
- D2	£125.0 m	(£2.2 m)			1.50 x	1.11 x	44.8%
	<b>£1,472.8 m</b>	<b>(£22.8 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	£4.1 m	£0.3 m	£4.4 m
C2 Defeasance Ledger	£5.6 m	£0.4 m	£6.0 m
Subtotal Coverage Reserves	£9.7 m	£0.7 m	£10.4 m
Cash Collateral	£0.8 m <sup>(6)</sup>	£0.1m	£0.9 m
Total Reserves	£10.5 m	£0.8 m	£11.3 m

Notes:

- Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- Total outstanding debt at 22<sup>nd</sup> October 2018 interest payable date.
- Interest paid on 22<sup>nd</sup> October 2018 comprises bond interest of £15.9m and payments under interest rate swaps of £6.9m.
- Amortisation paid on 22<sup>nd</sup> October 2018.
- Opening balance is as at 22<sup>nd</sup> July, closing balance is at 22<sup>nd</sup> October 2018.
- Opening balance on Cash Collateral account corrected to reflect additions to the account in earlier periods in respect of lease surrenders.