

# ***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 31/12/19*

## **HIGHLIGHTS**

*Properties 96.6% let at 31 December 2019.*

*Valuations as at 31 December 2019 were £3,304M*

*LMCTV Ratio 43.0%*

**Recent activity regarding the mortgaged properties**

- On 7<sup>th</sup> November 2019, Hexaware renewed their lease in respect of 3,535 sq ft on part L19, 40 Bank Street for a 5 year period.
- On 4<sup>th</sup> December 2019, The Bank of New York Mellon entered into short term lease renewals in respect of 56,249 sq ft on L40 & L41, One Canada Square. L40 was renewed for a 12 month period, whereas L41 was renewed for 2 and a half years. The leases on Levels 43, 47,48 and 49 will expire on December 2021.
- On 4<sup>th</sup> December 2019, an agreement for lease was concluded with Fisher Investments in respect of 27,225 sq ft on L18, One Canada Square. The lease is for a 10 year term commencing 1 July 2020, subject to a break option in December 2026.
- On 4<sup>th</sup> December an agreement for lease was also concluded with Fisher Investments in respect of L19, One Canada Square. The tenant has an option over the quantum of space to take with the lease being a minimum of 15,000 sq ft. This decision is to be notified to the landlord no later than 16<sup>th</sup> June 2020. The lease will be subject to a break option in December 2026.
- On 10<sup>th</sup> December 2019, an agreement for lease was concluded with University College London in respect of 22,072 sq ft on L50, One Canada Square. The lease is for a 10 and a half year term commencing 1 July 2020, subject to a break option in February 2026.
- On 10<sup>th</sup> December 2019, a reversionary lease was agreed with the University College London in respect of 28,361 sq ft on L38, One Canada Square. The lease is for a 10-year term commencing February 2021 and is subject to a break option in February 2026.
- On 16<sup>th</sup> December 2019, Euler Hermes renewed their lease in respect of 20,769 sq ft on Part L36, One Canada Square. The lease is for a 10 year term commencing October 2020.
- On 16<sup>th</sup> December 2019, a reversionary lease was also agreed with Euler Hermes in respect of 1,342 sq ft on Part L36, One Canada Square. The lease is for a 10-year term commencing October 2020.
- Elsewhere on the estate an agreement for lease was concluded with Revolut for 32,248 sq ft on part floor 1 and floor 2, 7 Westferry Circus. The lease is for a 5-year term.

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The rental income figures for the properties below are based on rents billed for Q4 2019.

### Property Portfolio Summary

Address	Whole Building NIA	Area Securitised NIA	Area Securitised Let NIA <sup>(1)</sup>	Actual Quarterly Rental Income	Estimated Annualised after rent free <sup>(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	£403.0 m
One Canada Square	1,236,200 sq ft	1,220,700 sq ft	1,116,229 sq ft	£6.9 m	£49.7 m	£915.0 m
20 Bank Street	546,500 sq ft	546,500 sq ft	546,500 sq ft	£6.6 m	£26.2 m	£533.0 m
40 Bank Street	607,400 sq ft	607,400 sq ft	572,282 sq ft	£5.3 m	£25.5 m	£435.0 m
10 Cabot Sq/5 North Colonnade	639,000 sq ft	639,000 sq ft	639,000 sq ft	£6.0 m	£24.3 m <sup>(4)</sup>	£539.0 m
20 Cabot Sq/10 South Colonnade	562,000 sq ft	562,000 sq ft	562,000 sq ft	£5.1 m	£20.6 m <sup>(4)</sup>	£479.0 m
<b>Subtotal</b>	<b>4,153,800 sq ft</b>	<b>4,138,300 sq ft</b>	<b>3,998,711 sq ft</b>	<b>£34.9 m</b>	<b>£166.6 m</b>	<b>£3,304.0 m</b>

Notes:

- (1) Area let as at 31<sup>st</sup> December 2019.
- (2) MV based on valuation of the properties at 31<sup>st</sup> December 2019.
- (3) Estimated annual rental income based on annualised rent as at 31<sup>st</sup> December 2019 after expiry of rent-free periods and including potential rental income on unlet space, where applicable.
- (4) The office rent on 10 Cabot Sq and 20 Cabot Sq is subject to annual RPI increases over the remaining term until the expiry of the lease in June 2032.

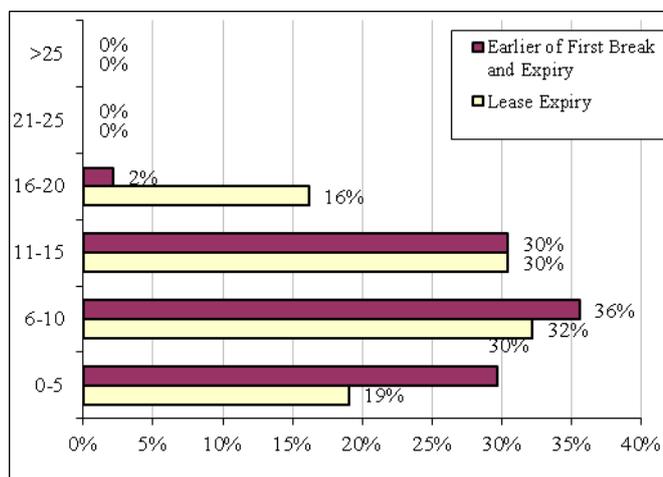
### Occupancy

At 31<sup>st</sup> December 2019 the securitised property portfolio was 96.6% let.

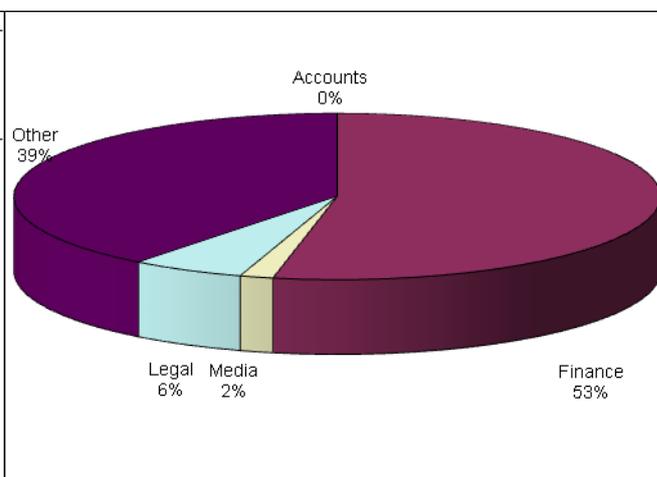
### Rent Reviews

	Area	Passing Rent
Outstanding Rent Reviews	623,329 sq ft	£22,396,502

### 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 9.6 years. The weighted average lease term reflecting all break options was 7.5 years.

### Major Tenants:

#### 33 Canada Square

Citigroup

#### One Canada Square

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

#### 20 Bank Street

Morgan Stanley UK Group

#### 40 Bank Street

Skadden Arps  
Allen & Overy  
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

	Q4 2019 Actuals
Gross Rental	£34.9 m
Interest on collateral accounts and other releases	£0.0 m
Gross Rental	£34.9 m
B3 Defeasance	(£0.6 m)
C2 Defeasance	(£0.2 m)
Senior Expenses <sup>(1)</sup>	(£1.0m)
	£33.1 m
Gross Debt	£1,436.2 m
Cash Reserves	(£16.0 m)
Net Debt	£1,420.1 m

### Quarter 4 2019 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	£238.6 m	(£3.9 m)	(£5.6 m)				
- A3	£400.0 m	(£6.0 m)					
- A7	£222.0 m	(£3.0 m)					
	£860.6 m	(£12.9 m)			2.62 x	1.79 x	25.5%
<b>AA</b>							
- B	£133.1 m	(£2.3 m)	(£1.7 m)				
- B3	£77.9 m	(£1.1 m)					
	£211.0 m	(£3.4 m)			2.08 x	1.40 x	31.9%
<b>A</b>							
- C2	£239.7 m	(£3.7 m)			1.69 x	1.21 x	39.2%
<b>BBB</b>							
- D2	£125.0 m	(£2.2 m)			1.52 x	1.12 x	43.0%
	<b>£1,436.2 m</b>	<b>(£22.2 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	£5.6 m	£0.6 m	£6.2 m
C2 Defeasance Ledger	£7.8 m	£0.2 m	£8.0 m
Subtotal Coverage Reserves	<b>£13.4 m</b>	<b>£0.8 m</b>	<b>£14.2 m</b>
Cash Collateral	£2.3 m	(£0.4 m)	£1.8 m
Total Reserves	<b>£15.7 m</b>	<b>£0.4 m</b>	<b>£16.0 m</b>

Notes:

- Senior Expenses principally include the DS6 facility fees and the liquidity facility fee.
- Total outstanding debt at 23<sup>rd</sup> January 2020 interest payable date.
- Interest paid on 23<sup>rd</sup> January 2020 comprises bond interest of £15.4m and payments under interest rate swaps of £6.8m.
- Amortisation paid on 23<sup>rd</sup> January 2020.
- Opening balance is as at 22<sup>nd</sup> October 2019, closing balance is at 23<sup>rd</sup> January 2020.
- Opening balance on Cash Collateral account corrected to reflect additions to the account in earlier periods in respect of lease surrenders.