

Broadgate Financing PLC

£225,000,000 Class A1 Floating Rate Bonds due 2032
£315,000,000 Class A2 4.949 per cent. Bonds due 2031
£175,000,000 Class A3 4.851 per cent. Bonds due 2033
£400,000,000 Class A4 4.821 per cent. Bonds due 2036
£365,000,000 Class B 4.999 per cent. Bonds due 2033
£235,000,000 Class C1 Floating Rate Bonds due 2022
£215,000,000 Class C2 5.098 per cent. Bonds due 2035
£150,000,000 Class D Floating Rate Bonds due 2025

Semi-Annual Update as at 30 September 2010

3 December 2010

This semi-annual update is not, and is not accompanied by, an invitation to underwrite, subscribe or otherwise acquire or dispose of any investment, and does not advise any person to engage in one of those activities.

This semi-annual update does not, and is not accompanied by, an invitation to effect any transaction with any person, or make use of any services provided by any person.

This semi-annual update is not, and is not accompanied by, any inducement.

This semi-annual update does not refer to, and is not accompanied by, a reference to any price of any investments or any yield on any such investments.

Overview of six month period to 30 September 2010

On 2 March 2005 Broadgate Financing PLC issued £2.080 billion of bonds (of which £1.916 billion is currently outstanding) backed by the rental income from Broadgate, the premier City of London estate.

On 3 November 2009 The British Land Company PLC (“British Land”) formed a joint venture, Bluebutton Properties Limited (“Bluebutton”), with Blackstone Group LP funds to hold the Broadgate Estate, including the currently securitised assets.

As a consequence of the transaction, Broadgate Financing PLC is now an indirect subsidiary of Bluebutton.

Further details on the estate itself can be found on the British Land website at <http://www.britishland.com/index.asp?pageid=157>

On 2 August 2010 it was announced that Bluebutton Properties Limited had signed an agreement for leases with UBS to develop a new 700,000 sq ft building on the Broadgate Estate. As a result of this, Bluebutton Properties completed a substitution of assets within the Broadgate Financing PLC securitisation. The properties subject to redevelopment, 3, 4 & 6 Broadgate (including £11 million associated Henderson and AMBAC cash surrender collateral) and the cash deposit of £215 million charged as security following the disposal of the Willis Building, have been removed from the securitisation and replaced with two high quality recently constructed properties, 201 Bishopsgate and Broadgate Tower.

For further detail of the substitution, please see the press release at <http://www.britishland.com/index.asp?pageid=42&newsid=252>

The contents of this report, including the financing statistics, are therefore based on the securitised estate subsequent to this substitution.

Quarterly Report

Quarterly reports giving details of payments of principal interest together with calculations of gross and net coverage ratios are provided on the British Land website.

Asset Performance

For period ended:	30 September 2010
Valuation:	£2.47 billion
Net Initial Yield (topped up):	6.72% ¹
Gross Passing Rent per annum:	£151.7m
Gross Contracted Rent per annum ¹ :	£173.8m
Average contracted rent psf (office space/ excluding vacancies):	£46.80 psf
Average headline ERV psf (office space):	£41.20 psf
Vacancy rate:	3.96%
Eligible investments held ² :	£nil
Lease surrender deposit ² :	£nil

¹ Assumes top up of rent free periods, after purchasers' costs.

² As at 5 October 2010 interest payment date.

Lease Renewals / Surrenders

RBS have renewed their leases at 199 Bishopsgate comprising 114,000 sq ft of office accommodation. The leases expired in August 2010, with the renewal undertaken on a contracted out basis expiring on 31st March 2011, with tenant breaks from 31st December 2010. The renewed annual rent is £3.1m. This transaction provides for vacant possession in Q1 2011 allowing a refurbishment to commence.

New Lettings

EBRD have taken the remaining vacant office space at 155 Bishopsgate amounting to 8,000 sq ft and are paying a headline rent of £0.33m per annum.

Geronimo Inns have taken 3,000 sq ft of retail space in 1 Appold Street at a rent of £0.13m per annum.

Additionally, Cilantro have taken 714 sq ft of retail space in Unit 4 of 201 Bishopsgate paying a rent of £35,000 pa.

Lease Regears/Re-structuring

A number of lease variations were completed with UBS when conditional contracts were exchanged to construct them a new building known as 5 Broadgate, comprising a total of c.700,000 sq ft. The only material amendments were the extensions of the terms certain of the leases at 100 Liverpool St and 8-12 Broadgate from September 2013 to September 2015. However, if the conditions precedent of the agreement for leases for 5 Broadgate are met, then the terms certain of the leases at 1-2 Finsbury Avenue and 100 Liverpool St and 8-12 Broadgate will be extended until at least 18 months after the new building's readiness date, which is currently forecast to be September 2014.

Additionally, leases to AXA IM and Baring Asset Management at 155 Bishopsgate were regear, totalling 110,000 sq ft of accommodation. Both tenants had leases expiring in July 2019. The regears extend their leases until October 2025 with options to renew until July 2030. The passing rent of the leases equated to circa £44psf prior to the regears. The AXA IM lease now has the benefit of annual fixed uplifts rising to £53.50psf in December 2013 and £55.50 in 2019. The Baring Asset Management lease has a fixed uplift to £47.50 in 2014 and a minimum uplift to £49.50 in 2019. A market incentive was provided to both AXA and Barings in order to regear their leases

In addition the two leases to Close Brothers Asset Management were regear at levels 7 & 8 of 10 Exchange Square totalling 30,000 sq ft. The transaction involved removing the March 2011 tenant breaks in return for a reduction in the March 2011 minimum rental uplift from £52.50 to £50.00 per sq ft; and 3 months' rent free (from March to June 2011).

Rent Reviews

During the six months to 30 September 2010, twelve outstanding rent reviews were settled at 155 Bishopsgate and 10 Exchange Square at nil increase.

Additionally, three rent reviews to Western Asset Management were settled at the minimum uplift rents of £52.50 per sq ft.

A further three retail rent reviews were settled at nil increase in the period.

In addition, as at 30 September 2010, three further office rent reviews were outstanding on c.365,000 sq ft of accommodation, with a passing rent of £15.4 m pa.

Financial Summary

Market Value of Mortgaged Properties ¹	£2,469m
Annual Rents receivable ¹	£151.7m
Cash collateral ⁴	£nil
Cash collateral release ⁴	£nil
Lease surrender deposit ⁵	£nil
Lease surrender deposit release ⁵	£nil

Debt Outstanding²

Class	£'m
A	1,074.94
B	365.00
C	396.15
D	80.25
Total	1,916.33

Interest Payable³

	£'m
A	52.7
B	18.2
C	20.7
D	4.6
Total	96.2

Amortisation Payable³

	£'m
A	8.2
B	0.0
C	19.6
D	18.0
Total	45.8

Interest Cover Ratios^{3,4,5,6}

A	2.86
B	2.13
C	1.65
Total	1.57

DSCR Ratios^{3,4,5,6}

A	2.47
B	1.91
C	1.27
Total	1.07

LTV Ratios^{4,5}

A	43.53%
B	58.31%
C	74.36%
Total	77.61%

1. Market values and annual rents receivable are as at 30 September 2010. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC.
2. Debt outstanding is at 5 October 2010, the last interest payment date.
3. Interest in respect of Fixed Rate Bonds is annualised based on interest paid on the last interest payment date, 5 October 2010.

Interest in respect of Floating Rate Bonds is calculated using the closing balance (after amortisation) on the last interest payment and fixed annual interest rate payable under the interest rate swap transactions which protect against interest rate risk arising from those Floating Rate Bonds.

Amortisation for all bonds is annualised based on amortisation paid on last interest payment date, 5 October 2010.

4. Cash collateral held at 5 October 2010. In July 2010, the cash collateral and properties at 3, 4 & 6 Broadgate were released when 201 Bishopsgate and the Broadgate Tower were substituted in to the securitisation.
5. Henderson surrender cash deposit held at 5 October 2010. In July 2010, the cash collateral and properties at 3, 4 & 6 Broadgate were released when 201 Bishopsgate and the Broadgate Tower were substituted in to the securitisation.
6. The reduction in the Interest Cover and DSCR ratios from those in the March Annual report is primarily due to the current rent free periods at the recently constructed 201 Bishopsgate and Broadgate Tower which were substituted into the securitisation in July 2010 in place of 3, 4 and 6 Broadgate and cash collateral.