

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

Annual Update as at 31 March 2017

02 June 2017

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

This 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.

Background

On 2 March 2005 Broadgate Financing PLC issued £2.080 billion of bonds (of which £1.604 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 became an indirect subsidiary of Bluebutton.

On 14th February 2014 GIC, Singapore’s sovereign wealth fund acquired the 50% interest in Bluebutton owned by Blackstone Real Estate Partners Europe III and Blackstone Real Estate Partners VI.

On 24 March 2015, British Land and GIC, the 50:50 owners of Broadgate, announced the establishment of Broadgate REIT Limited, a real estate investment trust as the new holding company for their joint venture. This has not changed either party's economic interest in Broadgate (or the joint venture).

Further details on the estate itself can be found on the British Land website at <http://www.britishland.com/our-places/find-a-place#/detail/BROAD>

Quarterly Report

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

<http://www.britishland.com/investors/strategic-partnerships/broadgate-financing-plc.aspx>

Asset Performance

For period ended:	31 March 2017
Valuation:	£3.481 billion
Net Initial Yield (topped up):	4.9% ¹
Gross Passing Rent per annum:	£161.5m ²
Gross Contracted Rent per annum:	£163.9m ²
Average contracted rent psf (office space/ excluding vacancies):	£49.30 psf
Average headline ERV psf (office space):	£61.53 psf
Vacancy rate:	11.7% ³

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

² Includes £11.9m of 100 Liverpool Street capital payment held in securitisation to be released as rental income on July 17, October 17 and January 18 interest payment dates

³ As at 31 March 2017; vacancies at 1 and 2 Finsbury Avenue prior to taking into account new lettings post year end (see below)

Overview of the year to 31 March 2017

New Lettings

During the period, the lease with HOP at 2 Finsbury Avenue was renewed for a further three years, with mutual rolling breaks on 3 months' notice from January 2017, at a rent of £84,317 pa.

Post March 2017 at 2 Finsbury Avenue, following light touch refurbishment works, we have secured short term lettings on the ground and first and sixth floors to BIG, Theatre Delicatessen, BLFW, Starling Bank and Kingfisher Digital. The majority of space is let at headline rent of £30 psf

Lease Restructurings

There were no lease restructurings in the period.

Lease surrenders

UBS operated their break clauses on 100 Liverpool Street, 1 Finsbury Avenue and 2 Finsbury Avenue in September 2016 with the buildings being handed back in December 2016 with a £20m capital payment being made. Their lease at 3 Finsbury Avenue remains in place (tenant break in late 2018).

NatWest (RBS) are to pay a premium of £34m to surrender their lease at 135 Bishopsgate in June 2017. Their current lease expires on Feb 2019 at an annual rent of £13.85m.

Rent Reviews

In the first 6 months of the year at Broadgate Tower, the September 2015 rent reviews with Gill Jennings on Levels 9 and 10 and the December 2015 rent reviews with Itochu on Levels 15 and 16 were settled at £48.50 psf. The December 2015

Scotiabank rent review on Level 6 of 201 Bishopsgate was settled at £52.50 psf whilst the March 2016 rent reviews with Close Brothers at Levels 7 and 8 of 10 Exchange Square were agreed at £55.00 psf. The rent review with Barclays at Unit 10/11, 155 Bishopsgate was settled at £190,000 pa.

In the second 6 months of the year at Broadgate Tower, the June 2015 rent review with Sequel on Level 14 settled at £52.5 psf, and the September 2015 rent review with Dickson Minto on level 13 settled at £51.50 psf. At 155 Bishopsgate the August 2015 rent review with EBRD settled at £42.38 psf.

Additional Information

On-site works for the major refurbishment of 100 Liverpool Street have commenced with a PC date in December 2019.

At 1 Finsbury Avenue, a planning application for the refurbishment of the existing Grade II listed building has been granted on 1st June.

A resolution to grant planning permission was received for the refurbishment of 2-3 Finsbury Avenue, which increases the area from 189,000 sq ft to 560,000 sq ft.

A planning application for the refurbishment of 135 Bishopsgate submitted April 2017 with a decision due in summer 2017.

Financial Summary

Market Value of Mortgaged Properties ¹	£3,481m
Annual Rents receivable ¹	£161.5m

Debt Outstanding²

Class	£'m
A	958.78
B	365.00
C	260.25
D	19.50
Total	1,603.53

Interest Payable^{3, 4}

	£'m
A	47.0
B	18.2
C	13.5
D	1.1
Total	79.8

Amortisation Payable³

	£'m
A	26.0
B	0.0
C	22.5
D	3.0
Total	51.5

Interest Cover Ratios^{3, 4}

A	3.41
B	2.46
C	2.04
D	2.01

DSCR Ratios^{3, 4}

A	2.20
B	1.76
C	1.27
D	1.23

LTV Ratios

A	27.55%
B	38.03%
C	45.51%
D	46.07%

1. Market values and annual rents receivable are as at 31 March 2017. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC. Includes £11.9m of 100 Liverpool Street capital payment held in securitisation to be released as rental income on July 17, October 17 and January 18 interest payment dates
2. Debt outstanding is at 5 April 2017, 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 April 2017.

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 the bonds represents the actual amortisation to be paid over the four interest payments dates subsequent to the 5 April 2017 interest payment.

4. Step-up Margins are excluded from interest calculations.