

Broadgate Financing PLC

£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

£215,000,000 Class C2 5.098 per cent. Bonds due 2035

Annual Update as at 31 March 2023

02 June 2023

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 backed by the rental income from Broadgate, the premier City of London estate.

Broadgate Financing PLC is an indirect subsidiary of Broadgate REIT Limited. Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

Further details on the estate itself can be found on the British Land website at <https://www.britishland.com/our-places/broadgate>

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. <https://www.britishland.com/investors/debt/strategic-partnerships/broadgate-financing-plc>

Asset Performance

For period ended:	31 March 2023
Valuation:	£2.916 billion
Net Initial Yield (topped up):	5.4% ¹
Gross Passing Rent per annum:	£142.1m
Gross Contracted Rent per annum:	£149.3m
Average contracted rent psf (office space/ excluding vacancies):	£54.43 psf
Average headline ERV psf (office space):	£66.30 psf
Vacancy rate:	5.6%

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

Overview of the year to 31 March 2023

New Lettings

At Broadwalk House:

- Networking People have taken a 3 year lease with 9 months rent free on 3,500 sq ft of the ground floor at £43.50psf.

At The Broadgate Tower:

- MT Finance have taken a 5 year lease with 10 months rent free on 12,300 sq ft at Level 20 at £69psf.
- Persistent Systems have taken a 1 year lease on c2,500 sq ft at Level 1 at £56.11psf.

At 155 Bishopsgate:

- Storey letting to Levin for c23,500 sq ft (part Level 2). 2 year lease with 2 months rent free at £168.30psf all inclusive.
- ETC Venues have taken a new 10 year lease of 19,009 sq ft on part Level 2 at a passing rent of £42.50psf, with 24 months rent free.
- Spectron Services Limited have agreed a new lease to October 2025 on the 16,813 sq ft part 4th floor at a rent of £65 psf, with 8 months rent free.

At Exchange House:

- House of Beets have taken a 10 year lease at the retail unit on Exchange Square at a rent of £50,000 p/a at £52.30 psf with 18 months rent free

At 199 Bishopsgate:

- Huckletree (Bishopsgate) Limited have exchanged an Agreement for Lease over space from the ground floor up to level 3 totalling 33,653 sq ft. The lease will be granted for 15 years at a blended passing rent of £62.05 psf, with 20 months rent free.

Lease Renewals and Restructurings

At Broadwalk House:

- We completed a lease regear with Credit Agricole for a 5 year lease extension from 2025. 12 months rent free and an increase in rent to £49.50 psf (current rent £45 psf) will become effective in 2025.

At 155 Bishopsgate:

- In addition to the new letting on Level 2, ETC Venues have extended their existing lease over 20,360 sq ft on part Level 1 to make it coterminous with level 2, at £42.17 psf with 5 months rent free for the additional c3 years of term.

Lease Surrenders and Breaks

At 199 Bishopsgate we agreed a surrender from Allianz of Level 8, with 100% of contracted rent, rates and service charge due to the original lease expiry in March 2023 received as a surrender premium

Rent Reviews

At 10 Exchange Square:

- Herbert Smiths Freehills rent review on levels 2, 3 and 4 has been settled, increasing the rent payable by £26,443 per annum, from £46.10 psf to £46.60 psf.

At Exchange House:

- Columbia Threadneedle have agreed an uplift of £85,984 per annum on their part 7th floor space, from £50.90 psf to £53.10 psf, with 6 months rent free. The new rent commenced from the December 2022 quarter date. Level 8 was settled at a nil uplift
- The outstanding Herbert Smith Freehills rent review for Levels 1-6 has been settled at a nil uplift

Additional Information

We have largely completed significant asset management initiatives at Exchange House, 10 Exchange Square and 155 Bishopsgate, totalling £104m, where we have taken the opportunity to simultaneously invest in energy efficient interventions at little incremental cost since they are part of the wider refurbishment.

We are underway with significant asset management initiatives at 199 Bishopsgate totalling £35m, where again we have taken the opportunity to incorporate energy efficient interventions at little incremental cost since they are part of the wider refurbishment.

We are already fully compliant with 2023 MEES (Minimum Energy Efficiency Standard) legislation which stipulates a minimum EPC rating of E. Notable successes in the six months include Exchange House, where our improvements delivered a B rating from an E at a total cost of £2.5m (prior to service charge and occupier contributions) representing 0.5% of the building's value. As part of the regear to Credit Agricole at Broadwalk House, we worked closely with the occupier to deliver energy efficient interventions which generate efficiencies for Credit Agricole, particularly in the context of higher energy prices. These interventions include localised cooling to more efficiently serve their space without powering the whole building out of hours; a new air source heat pump and LED lighting.

Financial Summary

Market Value of Mortgaged Properties ¹	£2.916bn
Annual Rents receivable ^{1,2}	£142.1m

Debt Outstanding³

Class	£'m
A	543.9
B	365.0
C	189.2
Total	1,098.1

Interest Payable⁴

	£'m
A	26.3
B	18.2
C	9.7
Total	54.2

Amortisation Payable⁴

	£'m
A	0.0
B	0.0
C	2.9
Total	2.9

Interest Cover Ratios⁴

A	4.52
B	2.86
C	2.39

DSCR Ratios⁴

A	4.52
B	2.86
C	2.28

LTV Ratios

A	18.65%
B	31.17%
C	37.66%

1. Market values and annual rents receivable are as at 31 March 2023. Market values are provided by Cushman & Wakefield, external valuer to Broadgate Financing PLC.
2. Annual rents receivable comprises Gross Passing Rent per annum as at 31 March 2023.
3. Debt outstanding is at 5 April 2023, the last interest payment date.
4. Interest in respect of Fixed Rate Bonds is annualised based on interest paid on the last interest payment date, 5 April 2023.

Amortisation for the bonds represents the actual amortisation to be paid over the four interest payment dates subsequent to the 5 April 2023 interest payment date.