

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 2019

04 June 2019

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.

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 did not involve any change to 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 2019
Valuation:	£3.602 billion
Net Initial Yield (topped up):	4.4% ¹
Gross Passing Rent per annum:	£115.1m ²
Gross Contracted Rent per annum:	£133.6m ²
Average contracted rent psf (office space/ excluding vacancies):	£51.91 psf
Average headline ERV psf (office space):	£60.57 psf
Vacancy rate:	2.8 % ³

¹ Assumes top up of rent free periods, after purchasers' costs, including 1 Finsbury Avenue, excluding vacancies.

² Includes 1 Finsbury Avenue contracted rent and Broadgate Tower capital payments of £0.3m held in securitisation to be released as rental income on July 2019 interest payment date

³ As at 31 March 2019; vacancies excluding 100 Liverpool Street and 135 Bishopsgate (see Additional Information).

Overview of the year to 31 March 2019

New Lettings

Liquidnet have taken 10 year leases of Levels 23 and 24 (26,250 sq ft) at Broadgate Tower at £73.00 psf with 24 months' rent free. Liquidnet will hand back their lease of Level 21 (12,150 sq ft) once they have completed the fit-out of their new space. Also at Broadgate Tower, TradeTech have taken a 10 year lease of Level 11 (13,000 sq ft) at an average rent of £69.50 psf with 10 months' initial rent free. There is a tenant break option in year 5. TradeTech handed back their existing space on Level 1 (2,400 sq ft) upon completion of their fit-out.

At 201 Bishopsgate, Bravura Solutions took 25,500 sq ft on the part 5th floor at a rent of £62.50 psf on a 10.25 year term with 24 months' rent free.

Marex Spectron, the existing occupier of Level 5 (37,500 sq ft) at 155 Bishopsgate, have taken a 6.25 year reversionary lease from July 2019 at a rent of £52.50 psf with 15 months' rent free.

1 Finsbury Avenue (287,000 sq ft) has reached practical completion, and we are 82% let or under offer by ERV following 240,000 sq ft leasing activity including 72,000 sq ft operated by Storey (British Land's flexible workspace offer) and 113,000 sq ft to Mimecast (See additional information).

Lease Renewals and Restructurings

At 155 Bishopsgate Norinchukin have renewed their lease until October 2025 at a rent of £53.50 psf with 12 months rent free.

Lease Surrenders and Breaks

As described in New Lettings, TradeTech (2,400 sq ft) have handed back their space on Level 1 (2,400 sq ft) of Broadgate Tower whilst Liquidnet will be handing back Level 21 on completion of their fitout of Levels 23-24.

Rent Reviews

At 199 Bishopsgate, we settled rent reviews with Dorsey and Whitney on Level 10 at £52.75 psf, SAS Software on Level 9 at £51.85 psf and Allianz on Level 8 at £55.75 psf. The rent reviews with Allianz on Levels 5 and 6 were agreed at nil uplift. At Broadgate Tower the Part Level 18 rent review with Itochu was documented at £63.80 psf with the Level 6 rent review with Equiniti being settled at £50.26 psf.

Additional Information

At 135 Bishopsgate, McCann, one of the world's leading advertising agencies and TP ICAP, the global interdealer broker, have signed for 127,000 sq ft and 123,000 sq ft respectively both for a 15 year term. Including Eataly, the Italian market place, who are taking 44,000 sq ft on the ground floor we are 90% let or under offer of the total space at 135 Bishopsgate (335,000 sq ft).

At 100 Liverpool Street, Milbank, a leading international law firm has committed to over 70,000 sq ft and financial services firm Peel Hunt has signed for 40,000 sq ft. We have made good progress leasing on the retail side, with space let or under offer to Watches of Switzerland, Gant, Kiehls and Neom Organics alongside several high quality grab and go operators. These are typically smaller lettings, ranging from 600 to 6,000 sq ft, but are located on the station concourse or at lower ground floor level, where the rent achieved can be more than double that on the office space (per sq ft). Following lettings to Milbank and Peel Hunt this year, who join Sumitomo Mitsui Banking Corporation Europe, the building is now 56% let or under offer by ERV.

Across both buildings, we are seeing good interest in the remaining space.

100 Liverpool Street (521,000 sq ft) topped out in the period, the façade has now been installed up to level 10 and fit out of the interiors started in April. It will be one of Europe's smartest office buildings, with a single digital spine connecting systems within the building to personalise elements of the working environment including temperature and light as well as monitor the use of space. We are aiming for a WiredScore platinum rating for internet connectivity and infrastructure and a Well Gold certification for wellbeing.

At 1 Finsbury Avenue we are building a premium food offering, with space let or under offer to Bar Douro, a Portuguese restaurant specialising in small plates and independent high quality grab and go brands Nyokee and Yolk. These join Everyman, the boutique cinema operator who signed for a 3-screen cinema covering 11,000 sq ft earlier in the year.

We are demonstrating significant progress to create a destination centre for food, retail and culture at Broadgate, with the lettings at 1 Finsbury Avenue and the letting to Eataly at 135 Bishopsgate. This has enhanced the appeal of our campus to prospective occupiers, particularly from non-traditional sectors including technology, for example with the most recent letting to Product Madness, an online gaming platform who are taking 31,000 sq ft at 1 Finsbury Avenue on a ten year term. Earlier in the year, technology company Mimecast committed to an additional 34,000 sq ft bringing their total occupation to 113,000 sq ft.

On 5 October 2018, Holdings disposed of the Property Companies owning 1-2 Broadgate, 2-3 Finsbury Avenue and Broadgate Circle, releasing these assets from the securitisation. The purchaser of these properties was Bluebutton Properties UK Limited. A notice was issued to Bondholders on 30 August 2018 for the redemption in full of the Class A1, Class C1 and Class D Floating Rate Bonds, and partial redemption of the Class A2 4.949% Bonds, totalling £222,603,270 principal amount of bonds. These Bonds were redeemed by the Issuer on the Interest Payment Date falling on 5 October 2018, with associated interest rate swaps terminated on the same date. Further details are available at the following link:

<https://m.londonstockexchange.com/exchange/mobile/news/detail/13773617.html>

Following the redemption in full of Class A1 bonds, Class C1 bonds and Class D bonds and partial redemption of Class A2 bonds, the Liquidity Facility Commitments have been reduced to £144,039,000.00 and the Cash Reserves have been reduced to £6,404,000.00.

Financial Summary

Market Value of Mortgaged Properties ¹	£3,602m
Annual Rents receivable ¹	£115.1m

Debt Outstanding²

Class	£'m
A	730.68
B	365.00
C	200.67
D	0
Total	1,296.35

Interest Payable³

	£'m
A	35.6
B	18.2
C	10.3
D	0.0
Total	64.1

Amortisation Payable³

	£'m
A	11.8
B	0.0
C	2.9
D	0.0
Total	14.6

Interest Cover Ratios³

A	3.21
B	2.13
C	1.79
Total	1.79

DSCR Ratios³

A	2.41
B	1.75
C	1.46
Total	1.46

LTV Ratios

A	20.29%
B	30.42%
C	35.99%
Total	35.99%

1. Market values and annual rents receivable are as at 31 March 2019. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC. Includes £0.3m of Broadgate Tower capital payments held in securitisation to be released as rental income on July 2019 interest payment date.
2. Debt outstanding is at 5 April 2019, 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 2019.

Amortisation for the bonds represents the actual amortisation to be paid over the four interest payments dates subsequent to the 5 April 2019 interest payment.