

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 2016

02 December 2016

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.

Background

On 2 March 2005 Broadgate Financing PLC issued £2.080 billion of bonds (of which £1.629 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 24 December 2013 British Land and GIC, Singapore’s sovereign wealth fund, announced a strategic partnership for Bluebutton. This follows GIC’s agreement to acquire the 50% interest in Bluebutton owned by Blackstone Real Estate Partners Europe III and Blackstone Real Estate Partners VI which completed on 14th February 2014.

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-properties/our-properties.aspx>

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:	30 September 2016
Valuation:	£3.418 billion
Net Initial Yield (topped up):	5.3% ¹
Gross Passing Rent per annum:	£184.0m
Gross Contracted Rent per annum:	£187.2m
Average contracted rent psf (office space/ excluding vacancies):	£48.79 psf
Average headline ERV psf (office space):	£59.93 psf
Vacancy rate:	1.2%

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

Overview of the six month period to 30 September 2016

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.

Lease Restructurings

There were no lease restructurings in the period.

Rent Reviews

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.

Additional Information

At 100 Liverpool Street a resolution to grant planning consent for a revised 520,000 sq ft refurbishment was received, incorporating a larger retail component than in the previous consent. Major refurbishment of 100 Liverpool Street was committed to in November, with on-site works due to commence in December 2016.

At 1 Finsbury Avenue a consent on a 303,000 sq ft refurbishment was received. 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.

Financial Summary

Market Value of Mortgaged Properties ¹	£3,418m
Annual Rents receivable ¹	£184.0m

Debt Outstanding²

Class	£'m
A	971.5
B	365.0
C	271.5
D	21.0
Total	1,629.0

Interest Payable^{3,4}

	£'m
A	47.6
B	18.2
C	14.1
D	1.2
Total	81.1

Amortisation Payable³

	£'m
A	25.7
B	0.0
C	22.4
D	3.0
Total	51.1

Interest Cover Ratios^{3,4}

A	3.83
B	2.78
C	2.29
Total	2.26

DSCR Ratios^{3,4}

A	2.50
B	2.00
C	1.43
Total	1.39

LTV Ratios

A	28.42%
B	39.10%
C	47.04%
Total	47.66%

1. Market values and annual rents receivable are as at 30 September 2016. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC.
2. Debt outstanding is at 5 October 2016, 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 2016.

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 October 2016 interest payment.

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