

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 2022

31 May 2022

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 2022
Valuation:	£3.413 billion
Net Initial Yield (topped up):	4.5% ¹
Gross Passing Rent per annum:	£129.7m
Gross Contracted Rent per annum:	£148.8m
Average contracted rent psf (office space/ excluding vacancies):	£54.33 psf
Average headline ERV psf (office space):	£64.74 psf
Vacancy rate:	2.7%

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

Note: 100 Liverpool Street was removed from the securitisation on 30 June 2021. See Additional Information for further details

Overview of the year to 31 March 2022

New Lettings

In the first half of the year to September 2021:

All 5 available retail units at 155 Bishopsgate were leased within the period:

- Honi Poke took a 10 year lease at £500k per annum with a 10% turnover provision and 9 months rent free period.
- Neat Burger, took a 10 year lease at £130k per annum with 8% turnover rent and 17 months rent free period.
- Urban Pubs and Bars have completed a 10 year lease trading as Nest and will pay £200k per annum. The lease is subject to annual rent increases in line with RPI (cap and collar at 2% and 3%) and the tenant will pay a turnover top up of 8% of any turnover in excess of £2m per annum. They received 21 months rent free.
- Black Sheep Coffee have taken 2 units on 10 year leases, operating the reception kiosk as well as a stand alone unit. Black Sheep will pay £80k per annum plus a 9% turnover top up on the standalone unit, and turnover only on the kiosk.

Office leasing:

- At 1 Finsbury Avenue, BIG Partners have taken a 10 year lease with a 5 year break over 15.5k sq ft across the ground and lower ground floor. This was at a passing rent of c£600k per annum with a 22 month rent free.
- At The Broadgate Tower, Coyle Personnel Ltd have taken a lease of 6,600 sq ft on the part level 18. This was a 10 year lease at £64psf, with a 13 month rent free period.

In the second half of the year to March 2022;

At Exchange House we have completed two leases totalling over 65k sq ft of office space:

- Braze have taken a 10 year lease on the top floor at a rent of £80psf with 26 months rent free, along with a 5 year lease on half of level 9 at a headline rent of £77.50psf with 11 months rent free.
- Zego have taken a further 16k sq ft on the part level 7 following a refurbishment of the existing fitted out space. This is at a headline rent of £69.31 for a 5 year term with 3 months rent free.

At 10 Exchange Square:

- Tech Target have taken a 3 year lease with 7 months rent free on c6.7k sq ft of the part 9th floor at a rent of £69.01 psf.
- Jenner & Block have leased the whole c13k sq ft of level 10 for 10 years at a headline rent of £71.50 psf with 12 months rent free.

At 135 Bishopsgate:

- Symphony have leased the c7k sq ft final remaining office space on level 12 for a 2 year term with no rent free at a headline rent of £73.44 psf.

At 155 Bishopsgate:

- Maven Securities have taken c. 38k sq ft on a 12 year lease at a rent of £73.50psdf with 36 months rent free.

At 201 Bishopsgate:

- The 700 sq ft retail unit has been let to The Attendant for 10 years at a rent of £47.59psf with 12 months rent free.

Lease Renewals and Restructurings

Following the regear of HSF's leases at levels 5 and 6 at 10 Exchange Square last year to grant a 12 month reversionary lease and push back the break penalty, these leases came to an end in December 2021 following payment of the full surrender premium.

Lease Surrenders and Breaks

At 199 Bishopsgate, we agreed a surrender from WeWork of all their space (Ground Floor, Levels 1-4 and Level 9) that ensured full payment of the 12 month guarantee, along with an additional quarter of cost cover for the December 2022 quarter date.

Rent Reviews

In the first half of the year to September 2021:

At 201 Bishopsgate, the Henderson October 2018 rent reviews were settled delivering an overall uplift of £361k per annum.

At The Broadgate Tower, the September 2020 rent reviews on levels 9 and 10 with Gill Jennings were agreed, representing an overall uplift of £127k per annum.

In the second half of the year to March 2022;

At The Broadgate Tower, the March 2019 rent reviews for Reed Smith were settled at an overall uplift of £174.5k per annum.

Additional Information

On 30 June 2021, Holdings disposed of the Property Company owning 100 Liverpool Street and 8-12 Broadgate, releasing these assets from the securitisation. The purchaser of these properties was PHC 3 Parent Limited. A notice was issued to Bondholders on 3 June 2021 for the redemption in full of the Class A2 4.949% Bonds, and partial redemption of the Class A3 4.851% Bonds, totalling £106,929,270 principal amount of bonds. These Bonds were redeemed by the Issuer on the Interest Payment Date falling on 5 July 2021. Further details are available at the following link:

<https://www.londonstockexchange.com/news-article/85QW/notice-of-a2-redemption-and-a3-partial-redemption/15003709>

Following the redemption in full of Class A2 bonds, and partial redemption of Class A3 bonds, the Liquidity Facility Commitments have been reduced to £52,080,000.00 and the Cash Reserves have been reduced to £3,826,000.00.

Refurbishment schemes

We continue to invest in our buildings to modernise our space and are on site with asset management initiatives including the refurbishment of 155 Bishopsgate, Exchange House and 10 Exchange Square, where the first phase is now complete. We take the opportunity provided by lease events to re-invest in existing buildings, to deliver energy efficient interventions which raise the EPC rating and refurbish the space, ensuring that they are well positioned to benefit as demand polarises towards the best, most sustainable space. We also completed public realm improvements at Exchange Square, delivering 1.5 acres of green space, including amphitheatre style seating and outside events space with a range of tree and plant life to support biodiversity.

Financial Summary

Market Value of Mortgaged Properties ¹	£3.413bn
Annual Rents receivable ^{1, 2}	£129.7m

Debt Outstanding³

Class	£'m
A	543.9
B	365.0
C	192.1
Total	1,101.0

Interest Payable⁴

	£'m
A	26.3
B	18.2
C	9.8
Total	54.3

Amortisation Payable⁴

	£'m
A	0.0
B	0.0
C	2.9
Total	2.9

Interest Cover Ratios⁴

A	4.00
B	2.56
C	2.15

DSCR Ratios⁴

A	4.00
B	2.56
C	2.05

LTV Ratios

A	15.94%
B	26.63%
C	32.26%

1. Market values and annual rents receivable are as at 31 March 2022. 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 2022.
3. Debt outstanding is at 5 April 2022, 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 2022.

Amortisation for the bonds represents the actual amortisation to be paid over the four interest payment dates subsequent to the 5 April 2022 interest payment date.