

Registration number: 05316365

Broadgate Financing PLC

Interim Report and Financial Statements

for the six months ended 30 September 2019

Broadgate Financing PLC

Contents

Directors' Report	1 to 2
Independent Auditors' Report	3
Profit and Loss Account	4
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the Interim Financial Statements	8 to 15

Broadgate Financing PLC

Directors' Report for the six months ended 30 September 2019

The directors present their report and unaudited interim financial statements for the six months ended 30 September 2019.

Directors of the company

The directors, who held office during the period, and up to the date of signing the interim financial statements, were as follows:

D Lockyer

H Shah

D Richards

Principal activity

The company's principal activity is to provide funding to fellow subsidiaries of Broadgate Property Holdings Limited in the United Kingdom (UK).

Results for the six months

As shown in the company's Profit and Loss Account on page 4, the company's profit on ordinary activities before taxation has increased compared with prior half period. Consistent with the prior period, the company has continued to amortise bonds as well as incur interest on those bonds outstanding, and charge these costs to fellow subsidiaries.

At 30 September 2019, interest payable on external bonds remains 100% fixed.

The Balance Sheet on page 6 shows the company has net assets of £445,802 at 30 September 2019. Net assets have increased since 31 March 2019 due to the profit recognised in the period.

Principal risks and uncertainties

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group. The key risks of this group are the performance of the properties, tenant default and credit risk of counterparties for holding cash deposits. These risks are mitigated by the preference for tenants with strong covenants on long leases and by using highly rated Financial institutions for placing cash deposits.

Significant political events and regulatory changes, including the UK's decision to leave the EU, brings risk in terms of uncertainty until the outcome is known, and the impact of policies introduced.

Dividends

No dividends were paid by the company in the six month period ended 30 September 2019 (30 September 2018: £nil).

Going concern

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 2 of the interim financial statements.

Responsibility Statement of the Directors in respect of the Interim Financial Statements

Each of the directors confirms that to the best of their knowledge:


The condensed set of interim financial statements has been prepared in accordance with Financial Reporting Standard 104: Interim Financial Reporting issued by the Financial Reporting Council.

The Directors' Report report above includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules (DTR), being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.

Broadgate Financing PLC

Directors' Report for the six months ended 30 September 2019 (continued)

Approved by the Board on 12 November 2019 and signed on its behalf by:

.....

G. BECHIN
British Land Company Secretarial Limited
Company secretary

Broadgate Financing PLC

Independent Review Report to the Directors of Broadgate Financing PLC

Report on the interim financial statements

Our conclusion

We have reviewed Broadgate Financing PLC's interim financial statements (the 'interim financial statements') for the 6 month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council.

What we have reviewed

The interim financial statements comprise:

- the Balance Sheet as at 30 September 2019;
- the Profit and Loss Account and Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Report and Financial Statements have been prepared in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report and Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by, the directors.


Our responsibility is to express a conclusion on the interim financial statements based on our review. This report, including the conclusion, has been prepared for and only for the directors of the Company as a body, for management purposes, in connection with management purpose and for no other purpose. Our report may not be made available to any other party without our prior written consent. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.


PricewaterhouseCoopers LLP
Chartered Accountants
London
Date: 12th November 2019

Broadgate Financing PLC

Profit and Loss Account for the six months ended 30 September 2019

	Note	Six months ended 30 September 2019 Unaudited £	Six months ended 30 September 2018 Unaudited £
Turnover		-	-
Administrative expenses		<u>(500)</u>	<u>(501)</u>
Loss on ordinary activities before interest and taxation		(500)	(501)
Interest receivable and similar income	3	33,124,758	76,644,972
Interest payable and similar expenses	4	<u>(33,094,223)</u>	<u>(76,624,151)</u>
Profit on ordinary activities before taxation		30,035	20,320
Tax on profit on ordinary activities		<u>(5,707)</u>	<u>(3,861)</u>
Profit for the period		<u>24,328</u>	<u>16,459</u>

Turnover and results were derived from continuing operations within the United Kingdom. The company has only one significant class of business: to provide funding to fellow subsidiaries of Broadgate Property Holdings Limited in the United Kingdom (UK).

The notes on pages 8 to 15 form an integral part of these interim financial statements.

Broadgate Financing PLC

Statement of Comprehensive Income for the Period from 1 April 2019 to 30 September 2019

	Six months ended 30 September 2019 Unaudited £	Six months ended 30 September 2018 Unaudited £
Profit for the period	<u>24,328</u>	<u>16,459</u>
Items that may be reclassified subsequently to profit or loss		
Gain on interest rate derivatives	-	4,530,473
Interest rate derivatives transferred to income statement (cash flow hedges)	<u>-</u>	<u>30,686,000</u>
	<u>-</u>	<u>35,216,473</u>
Total comprehensive income for the period	<u><u>24,328</u></u>	<u><u>35,232,932</u></u>

The notes on pages 8 to 15 form an integral part of these interim financial statements.

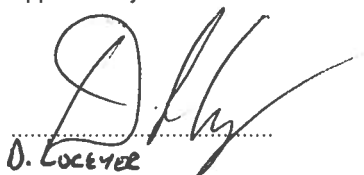
Broadgate Financing PLC

(Registration number: 05316365)

Balance Sheet as at 30 September 2019

		30 September 2019 Unaudited £	31 March 2019 Audited £
Current assets			
Debtors due within one year	5	39,094,933	38,397,318
Cash at bank and in hand		150,574,028	150,573,967
Debtors due after more than one year	5	<u>1,278,266,638</u>	<u>1,285,735,154</u>
		<u>1,467,935,599</u>	<u>1,474,706,439</u>
Creditors due within one year	6	<u>(45,184,159)</u>	<u>(44,510,811)</u>
		<u>(45,184,159)</u>	<u>(44,510,811)</u>
Net current assets		1,422,751,440	1,430,195,628
Creditors due after more than one year	7	<u>(1,422,305,638)</u>	<u>(1,429,774,154)</u>
		<u>445,802</u>	<u>421,474</u>
Net assets			
Capital and reserves			
Share capital	8	12,500	12,500
Profit and loss account		<u>433,302</u>	<u>408,974</u>
Total shareholders' funds		<u>445,802</u>	<u>421,474</u>

Approved by the Board on 12 November 2019 and signed on its behalf by:


D. COONEY

Director

The notes on pages 8 to 15 form an integral part of these interim financial statements.

Broadgate Financing PLC

Statement of Changes in Equity for the six months ended 30 September 2019

	Share capital £	Cash flow hedging reserve £	Retained earnings £	Total £
Balance at 1 April 2018	12,500	(35,216,473)	403,216	(34,800,757)
Profit for the period	-	-	16,459	16,459
Derivative valuation movements on cash flow hedges	-	4,530,473	-	4,530,473
Recycle of cash flow hedge	-	30,686,000	-	30,686,000
Total comprehensive income for the period	-	35,216,473	16,459	35,232,932
Balance at 30 September 2018	12,500	-	419,675	432,175
Balance at 1 April 2019	12,500	-	408,974	421,474
Profit for the period	-	-	24,328	24,328
Total comprehensive income for the period	-	-	24,328	24,328
Balance at 30 September 2019	12,500	-	433,302	445,802

The notes on pages 8 to 15 form an integral part of these interim financial statements.

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2019

1 General information

The company is a public company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Accounting basis

The information for the period ended 30 September 2019 does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006.

A copy of the statutory financial statements for the year ended 31 March 2019 has been delivered to the Registrar of companies. The auditors reported on those financial statements: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Basis of preparation

These interim financial statements were prepared in accordance with Financial Reporting Standard 104 Interim Financial Reporting ("FRS 104"). The same accounting policies, estimates, presentation and methods of computation are followed in the interim financial statements as applied in the latest annual audited financial statements, which are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these interim financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has taken advantage of the FRS 101 disclosure exemption as appropriate.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (b) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (c) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (d) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2019 (continued)

2 Accounting policies (continued)

(e) The requirements of IFRS 7 to disclose financial instruments; and

(f) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of Broadgate REIT Limited. The group financial statements of Broadgate REIT Limited are available to the public and can be obtained as set out in note 11.

Going concern

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

Adoption status of relevant new financial reporting standards and interpretations

During the period the company adopted the following standards:

IFRS 16 - Leases

The new standard results in almost all leases held as lessee being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The accounting for lessors has not significantly changed. There are no leases within the company and therefore the adoption of this new accounting policy has not had a material impact on the financial statements for the period ended 30 September 2019.

A number of new standards and amendment to standards and interpretations have been issued but are not yet effective for the current accounting period. None of these are expected to have a material impact on the consolidated financial statements of the Group.

Financial assets

The company classifies all financial assets into the category financial assets less amortised costs. Financial assets less amortised costs are initially measured at fair value including any transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities - borrowings

Debt instruments initially are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method.

Interest payable and receivable

Interest payable and receivable is recognised as incurred under the accruals concept. Interest payable includes financing charges which are spread over the period to redemption, using the effective interest method. Commitment fees on non-utilised facilities are also included within interest payable.

Premiums payable and receivable on early redemption are recognised as finance charges and income when incurred.

Taxation

Current tax is based on taxable profit for the period and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit may differ from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are not taxable (or tax deductible).

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2019 (continued)

2 Accounting policies (continued)

Debtors

Trade and other debtors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. The Company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

3 Interest receivable and similar income

	Six months ended 30 September 2019 Unaudited £	Six months ended 30 September 2018 Unaudited £
Interest income on bank deposits	571,758	596,580
Premium income on early repayment owed by related parties	-	6,014,610
Hedging reserve recycling owed by related parties	-	30,686,000
Interest receivable on amounts owed by related parties	<u>32,553,000</u>	<u>39,347,782</u>
	<u>33,124,758</u>	<u>76,644,972</u>

4 Interest payable and similar expenses

	Six months ended 30 September 2019 Unaudited £	Six months ended 30 September 2018 Unaudited £
Interest on derivatives	-	4,299,936
Interest payable on bonds and borrowings	33,094,223	35,541,065
Premium costs on early repayment	-	6,014,610
Hedging reserve recycling*	-	30,686,000
Interest payable on amounts due to group companies	-	82,540
	<u>33,094,223</u>	<u>76,624,151</u>

*Represents a reclassification of cumulative losses within the cash flow hedging reserve to the Profit and Loss Account, in relation to hedging instruments that were closed out on 30 August 2018, and effective on 5 October 2018.

Broadgate Financing PLC

**Notes to the Interim Financial Statements for the six months ended 30
September 2019 (continued)**

5 Debtors

	30 September 2019 Unaudited £	31 March 2019 Audited £
Debtors due within one year		
Amounts due from related parties	23,628,557	23,173,628
Accrued income	15,464,528	15,221,842
Corporation tax asset	1,848	1,848
	<u>39,094,933</u>	<u>38,397,318</u>
	30 September 2019 Unaudited £	31 March 2019 Audited £
Debtors due after more than one year		
Amounts due from related parties - Long term loans	<u>1,278,266,638</u>	<u>1,285,735,154</u>
	<u>1,278,266,638</u>	<u>1,285,735,154</u>

Amounts due from related parties relates to amounts owed from group companies and are repayable on demand. Interest is charged at 0.01% on interest receivable from (Broadgate Funding) 2005 Limited. There is no interest charged on the remainder of amounts owed by related parties.

6 Creditors due within one year

	30 September 2019 Unaudited £	31 March 2019 Audited £
Accrued expenses	15,527,408	15,280,467
Amounts due to related parties	14,736,282	14,730,575
Borrowings	14,905,204	14,484,504
Other creditors	15,265	15,265
	<u>45,184,159</u>	<u>44,510,811</u>

Amounts due to related parties relate to amounts owed to group companies and are repayable on demand. There is no interest charged on these balances.

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2019 (continued)

7 Creditors due after one year

	30 September 2019 Unaudited £	31 March 2019 Audited £
Borrowings		
Borrowings due 1 to 2 years	15,560,860	15,265,245
Borrowings due 2 to 5 years	62,511,010	50,243,793
Borrowings due after 5 years	<u>1,344,233,768</u>	<u>1,364,265,116</u>
	<u>1,422,305,638</u>	<u>1,429,774,154</u>

Amounts due after five years include the term loan of £144m (31 March 2019: £144m) which represents a liquidity facility with The Royal Bank Of Scotland PLC. The cash received is held on deposit with bank counterparties that meet the securitisation's legal requisite credit rating criteria.

	30 September 2019 Unaudited £	31 March 2019 Audited £
Borrowings repayment analysis		
Borrowings due within one year	14,905,204	14,484,504
Borrowings due between one to two years	15,560,860	15,265,245
Borrowings due between two to five years	<u>62,511,010</u>	<u>50,243,793</u>
	92,977,074	79,993,542
Borrowings due after five years	<u>1,344,233,768</u>	<u>1,364,265,116</u>
Total borrowings	<u>1,437,210,842</u>	<u>1,444,258,658</u>
Gross debt	<u>1,437,210,842</u>	<u>1,444,258,658</u>

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2019 (continued)

7 Creditors due after one year (continued)

Secured bonds on the assets of the Broadgate Property Holdings Limited Group

	30 September 2019 Unaudited £	31 March 2019 Audited £
Class A2 4.949% Bonds 2031	152,804,610	158,522,490
Class A3 4.851% Bonds 2033	175,000,000	175,000,000
Class A4 4.821% Bonds 2036	400,000,000	400,000,000
Class B 4.999% Bonds 2033	365,000,000	365,313,979
Class C2 5.098% Bonds 2035	199,950,000	201,383,190
Total secured bond borrowings	1,292,754,610	1,300,219,659
Term Loan	144,039,000	144,039,000
Total secured borrowings	1,436,793,610	1,444,258,659

At 30 September 2019, 100% (31 March 2019: 100%) of the bonds were fixed. The bonds amortise from 2005 and are expected to be repaid by 2033. Legal repayment is required by 2036. The bonds are secured on properties of the group valued at £3,806m (31 March 2019: £3,602m). The weighted average interest rate of the bonds is 4.93% (31 March 2019: 4.93%). The weighted average maturity of the bonds is 10.6 years (31 March 2019: 11 years).

Fair value of bonds

The fair values of the bonds have been established by obtaining quoted market prices from brokers. The derivatives have been valued by calculating the present value of future cash flows, using appropriate market discount rates, by an independent treasury advisor.

	30 September 2019 Unaudited £	31 March 2019 Audited £
Secured bonds at fair value	1,669,822,170	1,614,373,908

Risk Management

Capital risk management:

The company finances its operations by a mixture of equity and public debt issues to support the property strategy of the group.

The approach adopted has been to engage in debt financing with long term maturity dates and as such the bonds issued are due from 2005 and are expected to be repaid by 2033. Legal repayment is required by 2036. Including debt amortisation, 94% (31 March 2019: 94.5%) of the total borrowings is due for payment after 5 years.

The principal bond covenant is a requirement to meet interest and amortisation payments as they fall due.

Details of bond covenants are outlined in the bonds publicly available Offering Circular.

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2019 (continued)

7 Creditors due after one year (continued)

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The carrying amount of financial assets recorded in the interim financial statements represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Cash and deposits at 30 September 2019 amounted to £202m (31 March 2019: £219m) and are placed with Financial institutions with A- or better credit ratings. Management regularly reviews the credit rating of all bank counterparties. At 30 September 2019, prior to taking account of any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits was £75m (31 March 2019: £75m).

The company's principal credit risk relates to an intra-group loan to Broadgate (Funding) 2005 Limited. At 30 September 2019, this loan stood at £1,293m (31 March 2019: £1,300m). The purpose of this loan is to provide funding to fellow subsidiaries of the Broadgate Property Holdings Limited group.

In order to manage this risk, management regularly monitors all amounts that are owed to the company.

Liquidity risk:

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. This risk is managed through day to day monitoring of future cash flow requirements to ensure that the company has enough resources to repay all future amounts outstanding.

8 Share capital

Allotted, called up and fully paid shares

	No.	30 September 2019 Unaudited £	No.	31 March 2019 Audited £
Ordinary shares of £0.25 each	50,000	12,500	50,000	12,500

9 Capital commitments

The company had capital commitments contracted as at 30 September 2019 of £nil (31 March 2019: £nil).

10 Related party transactions

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of FRS 101.

11 Parent and ultimate parent undertaking

The immediate parent company is Broadgate Property Holdings Limited.

The ultimate parent company is 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.

Broadgate Financing PLC

**Notes to the Interim Financial Statements for the six months ended 30
September 2019 (continued)**

11 Parent and ultimate parent undertaking (continued)

Broadgate REIT Limited is the smallest and largest group for which group accounts are available and which include the company. The ultimate holding company and controlling party is Broadgate REIT Limited. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.

