

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 2014

05 December 2014

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 £1.729 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 is now 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.

Further details on the estate itself can be found on the British Land website at <http://www.britishland.com/our-properties/our-properties.aspx#/list/london/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:	30 September 2014
Valuation:	£3.129 billion
Net Initial Yield (topped up):	5.6% ¹
Gross Passing Rent per annum:	£163.9m
Gross Contracted Rent per annum:	£179.5m
Average contracted rent psf (office space/ excluding vacancies):	£47.82 psf
Average headline ERV psf (office space):	£52.32 psf
Vacancy rate:	2.06%

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

Overview of the six month period to 30 September 2014

New Lettings

Sumitomo Trust and Banking Co Limited have taken an additional 13,894 sq ft on part level 1 at 155 Bishopsgate at £46.50 psf on a 11.25 year lease, 28 months' rent free. This is in addition to a restructuring of their existing lease on part level 3 for a further 6.25 years to October 2025 and variation of rents to a minimum of £47.00 psf at next rent review in February 2015 and a fixed uplift to £55.00 psf in July 2019. This is in return for 6 months initial rent free plus a further 11 months deferred post July 2019, together with a waiver of terminal dilapidations.

Regus have taken 18,675 sq ft at Level 2, 1-2 Broadgate at a rent of £33.00 psf and 13 months rent free.

Your World Recruitment have taken the last remaining vacant floor on Level 5 at Broadgate Tower at a rent of £43.50 psf on a 5 year lease and 12 months' rent free.

The Pasta Bar Specialists Limited took 714 sq ft at Unit 4, 201 Bishopsgate on a 10 year lease at £40,000 pa and 2 months' rent free.

Lease Restructurings

Deutsche Bank AG restructured their lease at 1 Appold Street comprising 185,257 sq ft for an additional 5.75 years to December 2023, together with fixed rental increases from a passing rent of £8,800,000 pa to £9,200,000 pa as at June 2014 with a further fixed rent increase to £9,700,000 pa as at June 2016.

Rent Reviews

The RBS rent at 135 Bishopsgate was settled as nil uplift. Passing rent of £13,854,143 pa (£42.72 psf on best) and the review assumes a single letting of the whole building on a 15 year hypothetical term.

Additional Information

Nothing to report.

Financial Summary

Market Value of Mortgaged Properties ¹	£3,129m
Annual Rents receivable ¹	£163.9m

Debt Outstanding²

Class	£'m
A	1,020.85
B	365.00
C	316.38
D	27.00
Total	1,729.23

Interest Payable^{3, 4}

	£'m
A	50.0
B	18.2
C	16.5
D	1.5
Total	86.2

Amortisation Payable³

	£'m
A	24.3
B	0.0
C	22.5
D	3.0
Total	49.8

Interest Cover Ratios^{3, 4}

A	3.25
B	2.39
C	1.93
Total	1.89

DSCR Ratios^{3, 4}

A	2.19
B	1.76
C	1.24
Total	1.20

LTV Ratios

A	32.63%
B	44.30%
C	54.41%
Total	55.27%

1. Market values and annual rents receivable are as at 30 September 2014. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC.
2. Debt outstanding is at 6 October 2014, 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, 6 October 2014.

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 6 October 2014 interest payment.

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