

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 2018

04 December 2018

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 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:	30 September 2018
Valuation:	£3.435 billion ¹
Net Initial Yield (topped up):	4.6% ^{1,2}
Gross Passing Rent per annum:	£118.4m ^{1,3}
Gross Contracted Rent per annum:	£123.0m ^{1,3}
Average contracted rent psf (office space/ excluding vacancies):	£51.38 psf ^{1,4}
Average headline ERV psf (office space):	£59.33 psf ¹
Vacancy rate:	0.8% ^{1,4}

¹ Figures reflect remaining securitised assets as at 30 September 2018, after release of 1-2 Broadgate, 2-3 Finsbury Avenue and Broadgate Circle from the securitisation which occurred on 5 October 2018

² Assumes top up of rent free periods, after purchasers' costs, excluding vacancies

³ Includes £3.4m of 135 Bishopsgate and Broadgate Tower capital payments held in securitisation to be released as rental income on January 19, April 19 and October 19 interest payment dates

⁴ As at 30 September 2018; excluding 100 Liverpool Street, 1 Finsbury Avenue and 135 Bishopsgate (see Additional Information).

Overview of the 6 month period to 30 September 2018

New Lettings

TradeTech have taken a 10 year lease of Level 11 (13,000 sq ft) at Broadgate Tower at an average rent of £69.50 psf with 10 months' initial rent free. There is a tenant break option in year 5. TradeTech will hand back their existing space on Level 1 (2,400 sq ft) once fit-out of their new floor is complete.

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.

Lease Renewals and Restructurings

None.

Lease Surrenders and Breaks

As described in New Lettings, TradeTech will hand back their existing space on Level 1 (2,400 sq ft) once fit-out of their new floor is complete.

Rent Reviews

Two rent reviews were settled on office space in the first half of the year. At Level 10 of 199 Bishopsgate the rent review settled with Dorsey and Whitney at £52.75 psf whilst on Part Level 18 of Broadgate Tower the review was documented with Itochu at £63.80 psf.

The Virgin Active rent review at 1 Appold Street agreed at the minimum uplift of £1.258m pa, the Dept of Coffee rent review at 201 Bishopsgate was settled at £41,000 pa and the Sweet Spot review in the same building was documented at £15,000 pa.

Additional Information

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.

Post period end at 135 Bishopsgate, McCann, one of the world's leading advertising agency networks have signed a 15 year lease to take 148,000 sq ft, relocating from the West End. This is the latest in a series of lettings to technology and creative businesses, demonstrating that placemaking activity is transforming Broadgate and resonating with a much broader range of occupier than ever before. At the same time, TP ICAP re-committed to Broadgate with a 123,000 sq ft letting, also at 135 Bishopsgate.

At 1 Finsbury Avenue (1FA), Mimecast committed to an additional 34,000 sq ft bringing their total occupation to 113,000 sq ft, the largest technology letting in the City so far this year. Everyman, the boutique cinema operator signed for a 3-screen cinema, covering 11,000 sq ft. A further 8,000 sq ft of retail and leisure space at 1FA and 100 Liverpool Street is let or under offer on terms significantly ahead of ERV. The letting to Eatly, announced earlier in the year is driving interest from a broader mix of retail and leisure operators, building real momentum for a new London destination for food, retail and culture.

100 Liverpool Street, at 521,000 sq ft 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 - aiming for a WiredScore platinum rating for internet connectivity and infrastructure and a Well Gold certification for wellbeing. The building is now 38% let or under offer by ERV; Sumitomo Mitsui Banking Corporation Europe are taking 160,000 sq ft, as previously announced, and there are a number of retailers signed or under offer.

The successful leasing activity across the three buildings, being 1 Finsbury Avenue, 135 Bishopsgate and 100 Liverpool Street, was a key driver of value for the campus. The transformation and range of space being delivered has attracted a more diverse mix of occupiers.

The completion of the schemes is being phased with 100 Liverpool Street completing in Q1 2020 and 1FA and 135 Bishopsgate completing during 2019. Following recent lettings the latter of these two schemes are 42% and 94% respectively let or under offer by ERV, which at 1FA excludes an allocation to British Land's flexible workspace brand, Storey, of 73,000 sq ft.

Financial Summary

Market Value of Mortgaged Properties ¹	£3,435m
Annual Rents receivable ¹	£118.4m

Debt Outstanding²

Class	£'m
A	736.3
B	365.0
C	202.1
D	0.0
Total	1,303.4

Interest Payable³

	£'m
A	35.9
B	18.2
C	10.3
D	0
Total	64.4

Amortisation Payable³

	£'m
A	11.4
B	0.0
C	2.9
D	0
Total	14.3

Interest Cover Ratios³

A	3.27
B	2.18
C	1.83
D	N/A

DSCR Ratios³

A	2.49
B	1.80
C	1.50
D	N/A

LTV Ratios

A	21.44%
B	32.06%
C	37.94%
D	N/A

1. Market values and annual rents receivable are as at 30 September 2018, reflecting remaining securitised assets after release of 1-2 Broadgate, 2-3 Finsbury Avenue and Broadgate Circle from the securitisation which occurred on 5 October 2018. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC. Includes £3.4m of 135 Bishopsgate and Broadgate Tower capital payments held in securitisation to be released as rental income on January 19, April 19 and October 19 interest payment dates.
2. Debt outstanding is at 5 October 2018, the last interest payment date, after 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.
3. Interest in respect of Fixed Rate Bonds is annualised based on interest paid on the last interest payment date, 5 October 2018, excluding interest on bonds partially redeemed.

All Floating Rate Bonds were fully redeemed on 5 October 2018.

Amortisation for the bonds represents the actual amortisation to be paid over the four interest payment dates subsequent to the 5 October 2018 interest payment.