

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

Annual Update as at 31 March 2009

4 June 2009

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.

Overview

On 2 March 2005 Broadgate Financing PLC issued £2.098 billion of bonds backed by the rental income from Broadgate, the premier City of London estate which is owned by British Land. This annual report covers the year to 31 March 2009.

Further details on the estate itself can be found on the British Land website at www.britishland.com/broadgate

Quarterly Report

Quarterly reports giving details of payments of principal interest together with calculations of gross and net coverage ratios are provided on the British Land website.

Asset Performance

For period ended:	31 March 2009
Valuation:	£1.88 billion
Top up Net initial yield:	7.90% ¹
Passing Rent per annum:	£152.0m
Contracted Rent per annum (including fixed uplifts):	£152.8m
Average contracted rent p.s.f. (office space/ excluding vacancies):	£46.12 psf
Average headline ERV p.s.f. (office space):	£41.35psf
Vacancy rate:	5.38%
Eligible investments held	£238.1m
Lease surrender deposit	£20.9m

¹ Assumes top up of rent free periods and guaranteed minimum uplifts to first review after purchasers' costs.

Rent Reviews

11 rent reviews were settled during the period to 31 March 2009 on 698,000 sq ft, with a combined rent of £30.7m.

Principal rent reviews settled were:

Building	Tenant	Sq Ft	New Rent psf	Old Rent psf	RR Date
1 Finsbury Avenue	UBS	262,000	£49.50	£45.10	Sept 2007
2 Finsbury Avenue	UBS	100,000	£49.50	£44.60	Sept 2007
3 Finsbury Avenue	UBS	73,000	£47.40	£45.20	June 2007
1 Appold Street	Deutsche Bank	180,000	£49.16	£42.50	Feb 2008
199 Bishopsgate	ABN Amro	30,000	£41.75	£41.75	Sept 2008

5 office reviews were outstanding as at 31 March 2009 on 790,000 sq ft of accommodation, with a passing rent of £34.98m per annum equating to an overall office rent of circa £44.30 per sq ft.

Lease Renewals/ Breaks

ABN Amro served notice to break their lease on Level 8 of 199 Bishopsgate, comprising 13,700 sq ft at a passing rent of £514,088 per annum, with effect from 25 December 2008. Subsequently a new lease has been agreed with them on a short term basis to August 2010 at a starting rent of £514,088 per annum with a tenant break option from 1 September 2009.

Lehman Brothers surrendered their lease in respect of the ground and first floor accommodation at 6 Broadgate in consideration for a premium of £0.9 million with effect from 29 August 2008. The space comprises 63,000 sq ft and was let at a passing rent of £2.7m per annum.

The tenant break option at 8-12 Broadgate and 100 Liverpool Street was exercisable by 12 months notice prior to June 2009. No notice of exercise was served by the tenant.

On 28 November 2008 Henderson surrendered their lease in respect of 4 Broadgate in connection with their move to British Land's development at 201 Bishopsgate. As this building is not part of the securitised estate, and in accordance with the transaction documents, British Land deposited cash collateral of £25.1 million into the securitisation representing the value of rental payments due under the remainder of the term of Henderson's lease. An amount equalling the quarterly rent previously due will be released each Interest Payment Date. Short term inclusive leases in respect of 54,000 sq ft of space at 4 Broadgate have been secured at a net rent of £0.7m per annum whilst future options for the building are considered.

Lehman

Lehman Brothers Limited ("Lehman") entered administration on 15 September 2008. Lehman's leased 338,172 sq ft of space in the Broadgate estate with an annual rental of £15,784,182. Lehman had sublet substantially all of this space to UBS, ICAP, KBW and Mike Corby Holdings for an annual rental of £12,269,260 (£3,067,315 per quarter).

Lehman failed to pay its rent which fell due on 29 September 2008. In accordance with UK property law notices were served on the sub-tenants directing them to pay their rents directly to the landlord. Subsequently Broadgate has received substantially all amounts due from the sub tenants.

On 28 November 2008 Broadgate accepted a surrender of Lehman's lease and consequently now has a direct contractual relationship with the previous sub-tenants. These leases run through to December 2016/January 2017. UBS have the option to break their lease from 23 June 2013 affecting £4 million of income.

New Lettings

There have been no new lettings during the period under review.

Sale of Willis building

On 21 May 2008 British Land announced it had exchanged contracts for the sale of the Willis building to St Martins for £400 million. This sale completed in June 2008; the property was released from the securitisation with cash collateral of £250,566,354 being provided in accordance with the securitisation documentation.

Additional Information

On 19 December 2008 the short-term, unsecured, unsubordinated and unguaranteed debt obligations of The Royal Bank of Scotland PLC (RBS), the Liquidity Bank, were downgraded from A-1+ to A-1 by Standard and Poor's (S&P). On 5 February 2009 S&P confirmed that an A-1 rating is sufficient for the purposes of the Requisite Rating criteria under the Liquidity Facility Agreement.

On 19 December 2008 National Westminster Bank PLC (Natwest), the Account Bank, ceased to be an Eligible Bank following a downgrade of its shortterm, unsecured, unsubordinated and unguaranteed debt obligations from A-1+ to A-1 by Standard and Poor's (S&P). On 5 February 2009 S&P confirmed that an A-1 rating is sufficient for the Account Bank role.

Financial Summary

Market Value of Mortgaged Properties ¹	£1,880m
Net Annual Rents receivable ¹	£152m
Cash collateral ⁴	£238.1m
Cash collateral release ⁴	£19.6m
Lease surrender deposit ⁵	£20.9m
Lease surrender deposit release ⁵	£8.4m

Debt Outstanding²

	£'m
AAA	1,086.73
AA	365.00
A	425.52
BBB	107.25
Total	1,984.50

Interest Payable³

	£'m
AAA	53.5
AA	18.2
A	22.3
BBB	6.1
Total	100.1

Amortisation Payable³

	£'m
AAA	7.5
AA	0.0
A	19.6
BBB	18.0
Total	45.1

Interest Cover Ratios^{3,4,5}

AAA	3.32
AA	2.49
A	1.90
Total	1.79

DSCR Ratios^{3,4,5}

AAA	2.92
AA	2.25
A	1.48
Total	1.23

LTV Ratios^{4.5}

AAA	44.03%
AA	63.44%
A	86.08%
Total	91.78%

1. Market values and net annual rents receivable are as at 31 March 2009 and are provided by Knight Frank.
2. Debt outstanding is at 5 April 2009, 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 April 2009.

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 all bonds is annualised based on amortisation paid on last interest payment date, 5 April 2009.

4. Cash collateral held at 5 April 2009. Cash collateral release is the amount scheduled to be released from the collateral on the next four interest payment dates. Interest cover, DSCR and LTV ratios include value of cash collateral/release.
5. Henderson surrender cash deposit held at 5 April 2009. Cash is released in accordance with amounts which would have been payable under the terms of Henderson's lease absent the surrender. Interest cover, DSCR and LTV ratios include value of cash collateral/release.