

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 2015

05 June 2015

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 (of which £1.704 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 became 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.

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 will 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-properties/our-properties.aspx>

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:	31 March 2015
Valuation:	£3.410 billion
Net Initial Yield (topped up):	5.1% ¹
Gross Passing Rent per annum:	£166.9m
Gross Contracted Rent per annum:	£180.7m
Average contracted rent psf (office space/ excluding vacancies):	£47.91 psf
Average headline ERV psf (office space):	£55.67 psf
Vacancy rate:	0%

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

Overview of the six month period to 31 March 2015

New Lettings

199 Bishopsgate is now 100% let with WeWork having signed an Agreement for Lease for 62,201 sq. ft. The Agreement is for a 15 year lease at £47.50 psf on Levels 1-4 and £50 psf on Level 9 with 3 months' rent free and a capped fit-out contribution of £7.45m.

RPMI has taken 8,182 sq. ft. at Exchange House at £48.00 psf on a 10 year lease with a break after 6.2 years and 15 months' rent free.

Nearly 40,000 sq. ft. of space has been let at the recently completed Broadgate Circle. The lettings of the main units (1-8) all include the potential for turnover and have been signed with a combination of 10, 15 and 20 year leases.

Four 10 year leases have been signed; 1,487 sq. ft. to Franco Manca at £130,000 pa with 6 months' rent free. The remaining three have been signed with 9 month's rent free; 2,021 sq. ft. to Shoryu at £140,000 pa, 1,879 sq. ft. to Comptoir Libanais at £125,000 pa, 1,327 sq. ft. to Jose Pizarro at £110,000 pa.

Two 15 year leases have been signed; 6,054 sq. ft. to Crab Tavern at £250,000 pa with 15 months' rent free and 2,783 sq. ft. to Aubaine at £185,000 pa with 6 month's rent free.

Finally, two 20 year leases have been signed with 7,348 sq. ft. to Yauatcha Hakkasan at £450,000 with 12 month's rent free and 8,182 sq. ft. to ETM Group at £430,000 pa with 9 months' rent free.

Lease Restructurings

Nothing to report

Rent Reviews

There have been a number of rent reviews which have been settled at nil uplift. These include Reed Smith March 2014 reviews on L3, and L22-33 Broadgate Tower,

Credit Agricole July 2014 review on ground and L1-3 at Broadwalk House, Ashurst
July and September 2014 reviews on L3-6 at Broadwalk House, Mayer Brown
October 2013 reviews on L1-5 and L11 at 201 Bishopsgate.

Additional Information

Nothing to report

Financial Summary

Market Value of Mortgaged Properties ¹	£3,410m
Annual Rents receivable ¹	£166.9m

Debt Outstanding²

Class	£'m
A	1,008.76
B	365.00
C	305.15
D	25.50
Total	1,704.41

Interest Payable^{3, 4}

	£'m
A	49.4
B	18.2
C	15.9
D	1.5
Total	85.0

Amortisation Payable³

	£'m
A	24.7
B	0.0
C	22.4
D	3.0
Total	50.1

Interest Cover Ratios^{3, 4}

A	3.35
B	2.45
C	1.99
Total	1.95

DSCR Ratios^{3, 4}

A	2.24
B	1.80
C	1.27
Total	1.23

LTV Ratios

A	29.59%
B	40.29%
C	49.24%
Total	49.99%

1. Market values and annual rents receivable are as at 31 March 2015. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC.
2. Debt outstanding is at 7 April 2015, 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, 7 April 2015.
4. 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 7 April 2015 interest payment.

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