
BROADGATE FINANCING PLC

Interim Management Report and Accounts

Six months ended 30 September 2009

Company number: 5316365

BROADGATE FINANCING PLC

**INTERIM MANAGEMENT REPORT
for the six months ended 30 September 2009**

The directors submit their Interim Management Report and Accounts for the six months ended 30 September 2009.

Principal activities

The company is a subsidiary of Broadgate Property Holdings Limited and is a special purpose vehicle incorporated for the purpose of raising £2.08 billion through the issue of bonds supported by the cash flows from certain properties at Broadgate in the City of London.

Business review

At 30 September 2009, taking into account the effect of derivatives, interest payable on the external bonds remains 100% fixed. Funds loaned to Broadgate (Funding) 2005 Limited are charged with a margin resulting in a profit (page 3). The derivatives are not used speculatively and accordingly valuation movements are taken through the hedging and translation reserve. Adjusting the total reserves for the derivative valuation gives a stable reserves position of approximately £300,000.

No dividends were paid in the current period (30 Sep 2008: £nil).

Risk and Uncertainties

The key risks of the company are the performance of the properties, tenant defaults and the credit risk of counterparties for any large cash deposits within the securitisation upon which the company is dependent for receipt of principal and interest, and the strength of the derivative counterparty upon which the company is dependent for fixing its interest rate exposure. These risks are mitigated by the preference for tenants with strong covenants on long leases and by using highly rated counterparties and monitoring those ratings.

Responsibility Statement

We confirm that to the best of our knowledge:

(a) the condensed set of financial statements has been prepared in accordance with pronouncements on interim reporting issued by the Accounting Standards Board; and

(b) the interim management report includes a fair review of the information required by Section DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

By order of the Board



Director

BROADGATE FINANCING PLC

**INDEPENDENT REVIEW REPORT TO BROADGATE FINANCING PLC
for the six months ended 30 September 2009**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 which comprises the condensed profit and loss account, the condensed balance sheet, the condensed statement of total recognised gains and losses and related notes 1 to 10. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company 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. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the company are prepared in accordance with United Kingdom Generally Accepted Accounting Practice. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

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 inquiries, 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 Ireland) 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Deloitte LLP

Chartered Accountants and Statutory Auditors

London, UK

Dated *30 November 2009*

BROADGATE FINANCING PLC

**CONDENSED PROFIT AND LOSS ACCOUNT
for the six months ended 30 September 2009**

Year ended 31 March 2009 Audited £		Six months ended 30 September 2009 Unaudited £	Six months ended 30 September 2008 Unaudited £
	(1,000) Administrative expenses	-	-
<hr/>			
	(1,000) Operating loss	-	-
	Interest receivable		
101,580,330	Group	50,541,062	51,504,500
744,034	External - other	23,294	424,466
	Interest payable		
(744,034)	Group	(23,294)	(424,466)
(101,570,206)	External - debentures	(50,536,039)	(51,499,373)
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9,124	Profit on ordinary activities before taxation	5,023	5,127
	Taxation	(1,406)	(1,436)
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9,124	Profit for the financial period	3,617	3,691
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Turnover and results are derived from continuing operations within the United Kingdom. The company has only one significant class of business, that of providing funding to fellow subsidiaries of Broadgate Property Holdings Ltd in the United Kingdom (UK).

BROADGATE FINANCING PLC

**CONDENSED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the six months ended 30 September 2009**

Year ended 31 March 2009 Audited £	Six months ended 30 September 2009 Unaudited £	Six months ended 30 September 2008 Unaudited £
9,124 Profit on ordinary activities after taxation	3,617	3,691
(55,248,705) Derivative valuation movement	10,766,305	(223,642)
<hr/>	<hr/>	<hr/>
<u>(55,239,581) Total recognised gains and losses relating to the financial period</u>	<u>10,769,922</u>	<u>(219,951)</u>

BROADGATE FINANCING PLC**CONDENSED BALANCE SHEET**
as at 30 September 2009

	Note	30 Sep 2009		31 Mar 2009	
		Unaudited		Audited	
		£	£	£	£
Long-term debtors	2		1,928,393,539		1,951,064,396
Current assets					
Debtors	2	69,027,678		68,691,339	
Cash and deposits		15,127,425		15,110,178	
		<u>84,155,103</u>		<u>83,801,517</u>	
Creditors due within one year	3	(126,400,278)		(136,816,614)	
		<u>(126,400,278)</u>		<u>(136,816,614)</u>	
Net current liabilities			(42,245,175)		(53,015,097)
Total assets less current liabilities			<u>1,886,148,364</u>		<u>1,898,049,299</u>
Creditors due after one year	4		(1,928,393,539)		(1,951,064,396)
Net liabilities			<u>(42,245,175)</u>		<u>(53,015,097)</u>
Capital and reserves					
Called up share capital	6		12,500		12,500
Hedging and translation reserve	7		(42,589,286)		(53,355,591)
Profit and loss account	7		331,611		327,994
Shareholders' deficit	7		<u>(42,245,175)</u>		<u>(53,015,097)</u>

BROADGATE FINANCING PLC

Notes to the accounts for the six months ended 30 September 2009

1. Accounting policies

The principal accounting policies adopted by the directors are summarised below. They have been applied consistently throughout the current and previous period.

Accounting basis

The financial information for the year ended 31 March 2009 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The Company's business activities, financial position and financing structure are discussed on page 1. The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Though the Company's balance sheet is currently showing a net liabilities position this is entirely due to the fair value of the derivatives and the Directors believe that this will not affect the Company's ability to meet its continuing obligations as they fall due. They thus continue to adopt the going concern basis of accounting in preparing the financial statements.

The financial information included in this announcement has been prepared on a going concern basis using accounting policies consistent with applicable United Kingdom law and Accounting Standards. The same accounting policies, presentation and methods of computation are followed in the half - yearly report as applied in the company's latest annual audited financial statements. The current period financial information presented in this document is unaudited.

These accounting policies are as follows:

Financial assets

The company classified all financial assets, with the exception of derivative financial instruments into the category Loans and Debtors. Loans and Debtors are initially measured at fair value including any transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Cash flow statement

The company is exempt under FRS 1 (Revised) from preparing a cashflow statement, as its results are included in those of The British Land Company PLC.

Financial liabilities

Debt instruments 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.

Derivative financial instruments

As defined by FRS 26, derivative financial instruments are measured at fair value in the balance sheet. Changes in the fair value of derivatives that are designated and qualify as effective cash flow hedges are recognised directly in the hedging reserve. Any ineffective portion is recognised in the profit and loss account.

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 differs 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 accounts
for the six months ended 30 September 2009**

2. Debtors	30 Sep 2009	31 Mar 2009
	Unaudited	Audited
	£	£
Current debtors (receivable within one year)		
Amounts owed by group companies - loans repayable within one year	45,444,464	45,215,892
Prepayments and accrued income	23,583,214	23,475,447
	<u>69,027,678</u>	<u>68,691,339</u>

Long-term debtors (receivable after more than one year)		
Amounts owed by group companies - Long term loans	<u>1,928,393,539</u>	<u>1,951,064,396</u>

3. Creditors due within one year	30 Sep 2009	31 Mar 2009
	Unaudited	Audited
	£	£
Debenture loans (see note 5)	45,444,464	45,215,892
Interest rate derivative liabilities*	47,257,843	56,065,593
Amounts owed to group companies - current accounts	14,780,267	14,714,381
Corporation tax	1,406	126,643
Other creditors	4,000	4,000
Accruals and deferred income	18,912,298	20,690,105
	<u>126,400,278</u>	<u>136,816,614</u>

* Includes contracted cash flows with a maturity greater than one year at fair value.

Amounts owed to fellow group companies are repayable on demand.

4. Creditors due after one year (including borrowings.)	30 Sep 2009	31 Mar 2009
	Unaudited	Audited
	£	£
Debentures and loans due 1 to 2 years	45,920,362	45,678,868
due 2 to 5 years	140,351,979	139,499,860
due after 5 years	<u>1,742,121,198</u>	<u>1,765,885,668</u>
	<u>1,928,393,539</u>	<u>1,951,064,396</u>

BROADGATE FINANCING PLC

Notes to the accounts for the six months ended 30 September 2009

5. Borrowings

Hedge accounting

The company uses interest rates swaps to hedge exposure to the variability in cash flows on floating rate debt. At 30 September 2009 the market value of these derivatives, which have been designated cash flow hedges under FRS 26, is a liability of £47.3m (31 Mar 2009: £56.1m).

The Treasury Function

The company finances its operations by a mixture of equity and public debt issues. The company borrows in Sterling at both fixed and floating rates of interest, using interest rate derivatives to hedge the interest rate exposure on the floating rate loans.

Risk Management

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. In order to manage this risk, management regularly monitors all amounts that are owed to the company to ensure that amounts are paid in full and on time.

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.

The Company's activities expose it primarily to interest rate risk. The group uses interest rate swap contracts to hedge these exposures. The group does not use derivative financial instruments for speculative purposes.

	30 Sep 2009 Unaudited £	31 Mar 2009 Audited £
Creditors due within one year - Note 3	45,444,464	45,215,892
Creditors due after one year - Note 4	1,928,393,539	1,951,064,396
Fair value of interest rate derivative liabilities	47,257,843	56,065,593
	<u>2,021,095,846</u>	<u>2,052,345,881</u>
Repayments due:		
Within one year	45,444,464	45,215,892
1-2 years	45,920,362	45,678,868
2-5 years	140,351,979	139,499,860
	<u>231,716,805</u>	<u>230,394,620</u>
After 5 years	1,742,121,198	1,765,885,668
Total	<u>1,973,838,003</u>	<u>1,996,280,288</u>
Fair value of interest rate derivative liabilities	47,257,843	56,065,593
Cash and deposits	(15,127,425)	(15,110,178)
Net debt	<u>2,005,968,421</u>	<u>2,037,235,703</u>

Secured on the assets of the Broadgate Property Holding Group

Bonds

Class A1 Floating Rate Bonds due 2032 *	225,000,000	225,000,000
Class A2 4.949% Bonds due 2031	284,833,080	288,592,290
Class A3 4.851% Bonds due 2033	175,000,000	175,000,000
Class A4 4.821% Bonds due 2036	400,000,000	400,000,000
Class B 4.999% Bonds due 2033	365,629,923	365,521,488
Class C1 Floating Rate Bonds due 2022 *	205,625,000	215,416,510
Class C2 5.098% Bonds due 2035	215,000,000	215,000,000
Class D Floating Rate Bonds due 2025 *	102,750,000	111,750,000
	<u>1,973,838,003</u>	<u>1,996,280,288</u>
Fair value of interest rate derivative liabilities	47,257,843	56,065,593
Cash and deposits	(15,127,425)	(15,110,178)
Net debt	<u>2,005,968,421</u>	<u>2,037,235,703</u>

* At 30 September 2009 taking into account the effect of derivatives, 100% (31 Mar 2009 - 100%) of the bonds were fixed. The bonds amortise between 2005 to 2036, and are secured on properties of the group valued at £1,732m (31 Mar 2009: £1,881m) and cash and deposits of £306m (31 Mar 2009: £324m). The weighted average interest rate of the bonds is 5.03% (31 Mar 2009: 5.03%). The weighted average maturity of the bonds is 16.2 years (31 Mar 2009: 16.5 years).

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Notes to the accounts for the six months ended 30 September 2009

5. Borrowings - continued

At 30 September 2009 the company was financed by £1,974m bonds (31 March 2009: £1,996m bonds).

The market value of the bonds at 30 September 2009 was £406.8m less than the book value (31 March 2009: £613.6m less than the book value).

There is an undrawn 364 day revolving liquidity facility totalling £185m which is only available for requirements of the Broadgate securitisation.

The fair values of the debt have been established by obtaining quoted market prices from brokers. The derivatives have been valued using market data by an independent treasury advisor.

6. Share capital

	30 Sep 2009 Unaudited £	31 Mar 2009 Audited £
Authorised share capital		
Ordinary Shares of £1 each		
Balance as at 1 April 2009 and as at 30 September 2009: 50,000 shares	<u>50,000</u>	<u>50,000</u>
Issued share capital - allotted, called up and partly paid		
Ordinary Shares of £1 each called up to the extent of £0.25 each		
Balance as at 1 April 2009 and as at 30 September 2009: 50,000 shares	<u>12,500</u>	<u>12,500</u>

BROADGATE FINANCING PLC

Notes to the accounts for the six months ended 30 September 2009

7. Reconciliation of movements in shareholders' funds and reserves

	Share capital £	Hedging & translation reserve £	Profit and loss account £	Total £
Opening shareholders' deficit -audited	12,500	(53,355,591)	327,994	(53,015,097)
Profit for the financial period			3,617	3,617
Derivatives valuation movement		10,766,305		10,766,305
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' deficit - unaudited	<u>12,500</u>	<u>(42,589,286)</u>	<u>331,611</u>	<u>(42,245,175)</u>

8. Capital commitments

The company had capital commitments contracted at 30 Sep 2009 of £nil (31 Mar 2009 - £nil).

9. Immediate parent and ultimate holding company

The immediate parent company is Broadgate Property Holdings Limited.

The British Land Company PLC 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 The British Land Company PLC, which is incorporated in Great Britain and registered in England and Wales. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.

10. Post Balance Sheet Events

On 3 November 2009 The British Land Company PLC entered into a Joint Venture with The Blackstone Group L.P. This company is part of the group included in that Joint Venture and is now jointly controlled on a 50:50 basis by The British Land Company PLC and The Blackstone Group L.P.

