
Broadgate Financing PLC

Annual Report and Accounts

Year ended 31 March 2011

Company number: 5316365

Broadgate Financing PLC

REPORT OF THE DIRECTORS for the year ended 31 March 2011

The directors submit their report and financial statements for the year ended 31 March 2011.

Principal activities

The company is a wholly owned subsidiary of Broadgate Property Holdings Limited, whose ultimate holding company is Bluebutton Properties Limited (Jersey Registered). Bluebutton Properties Limited operates as a joint venture between The British Land Company PLC and BRE/Brick Limited. The joint venture was formed on 3 November 2009. The company's principal activity is to provide funding to fellow subsidiaries of Bluebutton Properties Limited.

Business review

As shown in the company's profit and loss account on page 5, the company's profit before tax has decreased over the prior year. However, external interest payable and Group interest receivable have remained consistent with prior year.

Dividends of £nil (2010: £nil) were paid in the year. Dividends paid are shown in note 12.

The balance sheet on page 7 shows that the company's financial position at the year end is, in net liability terms, a decrease from the prior year.

Details of significant events since the balance sheet date, if any, are contained in note 16.

Risk management

This company is part of a large property investment group. As such, the fundamental underlying risks for this company are those of the property group as discussed below.

The company generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas:

- demand for space from occupiers against available supply;
- identification and execution of investment and development strategies which are value enhancing;
- availability of financing or refinancing at an acceptable cost;
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values;
- legislative changes, including planning consents and taxation;
- engagement of development contractors with strong covenants;
- key staff changes; and
- environmental and health and safety policies.

These opportunities also represent risks, the most significant being change to the value of the property portfolio. This risk has high visibility to senior executives and is considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The company's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios.

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 company uses interest rate swap contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

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 risk on variable rate debt.

The company holds three derivatives as at 31 March 2011 (2010: three) to fix interest rates on external debt at approximately 4.88% (2010: 4.88%). The fair value of interest rate derivatives at the year end is a liability of £46.4m (2010: £53.1m).

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 1 of the financial statements.

Broadgate Financing PLC

REPORT OF THE DIRECTORS for the year ended 31 March 2011

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the company's activities. The company operates in accordance with best practice policies and initiatives designed to minimise the company's impact on the environment include safe disposal of manufacturing waste, recycling and reducing energy consumption.

Directors

The directors who served during the year were:

A Braine

L M Bell

P C Clarke (resigned 16 August 2010)

G C Roberts (resigned 30 June 2011)

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
2. the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties it faces

Payments policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Suppliers' days outstanding at 31 March 2011 were 34 (2010 : 43).

Broadgate Financing PLC

**REPORT OF THE DIRECTORS
for the year ended 31 March 2011**

Disclosure of information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the Annual General Meeting.

This report was approved by the Board on 28 July 2011



N Ekpo
Secretary

Broadgate Financing PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Broadgate Financing PLC for the year ended 31 March 2011

We have audited the financial statements of Broadgate Financing PLC for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

AS, Swarbrick

Andrew Swarbrick BA FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK

29 July 2011

Broadgate Financing PLC

**PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011**

| | Note | 2011 £ | 2010 £ |
|--|-----------|---------------------|----------------------|
| Administrative expenses | | (1,000) | (1,000) |
| Operating loss | | <u>(1,000)</u> | <u>(1,000)</u> |
| Loss on ordinary activities before interest | | <u>(1,000)</u> | <u>(1,000)</u> |
| Interest receivable | | | |
| Group - loans and receivables | | 96,916,224 | 99,392,963 |
| External - other | | 99,419 | 45,823 |
| Interest payable | | | |
| Group | | (99,418) | (15,790) |
| External - bank overdrafts and loans (including derivatives) | | (96,906,573) | (99,383,065) |
| Profit on ordinary activities before taxation | 2 | <u>8,652</u> | <u>38,931</u> |
| Taxation | 4 | (2,423) | (10,901) |
| Profit for the financial year | 12 | <u><u>6,229</u></u> | <u><u>28,030</u></u> |

Turnover and results are derived from continuing operations within the United Kingdom. The company has only one significant class of business, that of to provide funding to fellow subsidiaries of Bluebutton Properties Limited in the United Kingdom.

Broadgate Financing PLC

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2011**

| | | 2011 | 2010 |
|---|---------------|-------------------------|--------------------------|
| | | £ | £ |
| Profit on ordinary activities after taxation | | 6,229 | 28,030 |
| Derivative valuation movements on net investments | 12 | 6,108,608 | 5,381,341 |
| Deferred tax movements on interest rate derivatives | 10, 12 | (2,547,723) | 13,432,790 |
| Total recognised gains and losses relating to the financial year | | <u><u>3,567,114</u></u> | <u><u>18,842,161</u></u> |

Broadgate Financing PLC**BALANCE SHEET
as at 31 March 2011**

| | Note | 2011 £ | £ | 2010 £ | £ |
|--|------|---------------|-----------------|---------------|-----------------|
| Fixed assets | | | | | |
| Investment properties | 5 | | - | | - |
| Investments | 6 | | - | | - |
| | | | <hr/> | | <hr/> |
| | | | - | | - |
| Current assets | | | | | |
| Debtors - due within one year | 7 | 68,445,630 | | 68,515,860 | |
| Debtors - due after more than one year | 7 | 1,870,100,867 | | 1,918,818,318 | |
| Cash and deposits | | 15,121,679 | | 15,121,566 | |
| | | <hr/> | | <hr/> | |
| | | 1,953,668,176 | | 2,002,455,744 | |
| Creditors due within one year | 8 | (125,058,198) | | (131,243,152) | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 1,828,609,978 | | 1,871,212,592 |
| Total assets less current liabilities | | | <hr/> | | <hr/> |
| | | | 1,828,609,978 | | 1,871,212,592 |
| Creditors due after one year | 9 | | (1,859,215,800) | | (1,905,385,528) |
| Net liabilities | | | <hr/> | | <hr/> |
| | | | (30,605,822) | | (34,172,936) |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 12,500 | | 12,500 |
| Share premium | 12 | | - | | - |
| Revaluation reserve | 12 | | - | | - |
| Hedging and translation reserve | 12 | | (30,980,575) | | (34,541,460) |
| Profit and loss account | 12 | | 362,253 | | 356,024 |
| Shareholders' deficit | 12 | | <hr/> | | <hr/> |
| | | | (30,605,822) | | (34,172,936) |

The financial statements of Broadgate Financing PLC, company number 5316365, were approved by the Board of Directors on 28 July 2011 and signed on its behalf by:


L. M. Bell
Director

Broadgate Financing PLC

Notes to the accounts for the year ended 31 March 2011

1. Accounting policies

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

These financial statements are designed to cover a wide variety of companies and circumstances. As a result some notes or some entries in the primary statements or the notes may not be relevant for this company and so may be left blank intentionally.

Accounting basis

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards and under the historical cost convention as modified by the revaluation of investment properties and other fixed asset investments.

Basis of Preparation

The net liability position of the balance sheet at the year end is as a result of market swap rates being below the fixed rate payable on the company's interest rate swaps. This has had a detrimental effect on the fair value of the company's interest rate derivatives at the year end. The interest rate swaps fix the rate payable on the company's liabilities at a rate slightly below the interest on loans receivable. The change in mark to market is not envisaged to have an impact on the company's cash flow for the foreseeable future.

Having reviewed the company's forecast working capital and cash flow requirements, in addition to making enquiries and examining areas which could give risk to financial exposure, the directors have a reasonable expectation that the company has adequate resources to continue its operations for the foreseeable future. As a result they continue to adopt the going concern basis in preparing the accounts.

Financial assets

The company classifies 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 cash flow statement.

Financial liabilities - borrowings

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.

Broadgate Financing PLC

Notes to the accounts for the year ended 31 March 2011

1. Accounting policies (continued)

Taxation

Current tax is based on taxable profit for the year 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). In particular the group (including this company) became a REIT on 1 January 2007 where income and gains on qualifying assets are exempt from taxation. On 3 November 2009, the sale of 50% of the group to a non-REIT entity resulted in now only 50% of the income and gains on qualifying assets being exempt from taxation.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. In addition, a deferred tax asset is recognised when the interest rate derivatives held by the company represent a liability at the balance sheet date. A corresponding deferred tax asset on the liability is recognised on the basis that relief will be available as the derivative reverses over time. The movement on such a deferred tax balance is taken through the hedging reserve in order to ensure it matches the movement in respect of the underlying derivative liability.

Broadgate Financing PLC

Notes to the accounts for the year ended 31 March 2011

2. Profit on ordinary activities before taxation

Auditor's remuneration

A notional charge of £1,200 (2010: £1,200) per company is deemed payable to Deloitte LLP in respect of the audit of the financial statements. Actual amounts payable to Deloitte LLP are paid at group level by Bluebutton Properties UK Limited.

No non-audit fees (2010 : £nil) were paid to Deloitte LLP.

3. Staff costs

No director received any remuneration for services to the company in either year.

Average number of employees, excluding directors, of the company during the year was nil (2010 - nil).

4. Taxation

| | 2011 | 2010 |
|--|--------------|---------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax | 2,423 | 10,901 |
| Adjustments in respect of prior years | | |
| Total current taxation charge (credit) | <u>2,423</u> | <u>10,901</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | | |
| Total deferred tax charge (credit) | <u>-</u> | <u>-</u> |
| Total taxation charge (credit) | <u>2,423</u> | <u>10,901</u> |
| Tax reconciliation | | |
| Profit on ordinary activities before taxation | <u>8,652</u> | <u>38,931</u> |
| Tax on profit on ordinary activities at UK corporation tax rate of 28% (2010: 28%) | 2,423 | 10,901 |
| Effects of: | | |
| REIT conversion charge | | |
| REIT exempt income and gains | | |
| Capital allowances | | |
| Tax losses and other timing differences | | |
| (Income not taxable) expenses not deductible for tax purposes | | |
| Transfer pricing adjustments | | |
| Group relief (claimed) surrendered for nil consideration | | |
| Adjustments in respect of prior years | | |
| Current tax charge (credit) | <u>2,423</u> | <u>10,901</u> |

Included in the tax charge is a net charge of £nil (2010: £nil) attributable to property sales.

On 23 March 2011 the Government announced that the main rate of corporation tax would reduce to 26% with effect from 1 April 2011. This tax rate reduction was substantively enacted at the balance sheet date and therefore deferred tax balances have been calculated using a rate of 26%. The Government also announced subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

Broadgate Financing PLC

**Notes to the accounts
for the year ended 31 March 2011**

5. Investment properties

| | Development £ | Freehold £ | Long leasehold £ | Short leasehold £ | Total £ |
|---|------------------|---------------|------------------------|-------------------------|------------|
| At valuation | | | | | |
| 1 April 2010 | - | - | - | - | - |
| Additions | - | - | - | - | - |
| Disposals | - | - | - | - | - |
| Revaluation surplus (deficit) | - | - | - | - | - |
| 31 March 2011 | - | - | - | - | - |
| | - | - | - | - | - |
| Analysis of cost and valuation | | | | | |
| 31 March 2011 | | | | | |
| Cost | - | - | - | - | - |
| Revaluation | - | - | - | - | - |
| Net book value | - | - | - | - | - |
| | - | - | - | - | - |
| 1 April 2010 | | | | | |
| Cost | - | - | - | - | - |
| Revaluation | - | - | - | - | - |
| Net book value | - | - | - | - | - |
| | - | - | - | - | - |

Properties were valued as at 31 March 2011 by Knight Frank LLP on the basis of Market Value, in accordance with the Appraisal and Valuation Standards, sixth edition, published by The Royal Institution of Chartered Surveyors.

Broadgate Financing PLC

**Notes to the accounts
for the year ended 31 March 2011**

6. Investments

| | Shares in subsidiaries £ | Other investments £ | Total £ |
|---|--------------------------------|---------------------------|------------|
| At cost or underlying net asset value of investment | | | |
| 1 April 2010 | - | - | - |
| Additions | - | - | - |
| Disposals | - | - | - |
| Provision written-back (written-down) | - | - | - |
| 31 March 2011 | - | - | - |
| Provision for underlying net asset change | | | |
| 1 April 2010 | - | - | - |
| Provision written-back (written-down) | - | - | - |
| Disposals | - | - | - |
| 31 March 2011 | - | - | - |
| At cost | | | |
| 31 March 2011 | - | - | - |
| 1 April 2010 | - | - | - |

Broadgate Financing PLC

**Notes to the accounts
for the year ended 31 March 2011**

7. Debtors

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | £ | £ |
| Current debtors (receivable within one year) | | |
| Trade debtors | - | - |
| Amounts owed by group companies - current account with Broadgate (Funding) 2005 Ltd | 46,169,728 | 45,678,868 |
| Amounts owed by associated companies - current accounts | - | - |
| Corporation tax | - | - |
| Other debtors | - | - |
| Prepayments and accrued income | 22,275,902 | 22,836,992 |
| | <u>68,445,630</u> | <u>68,515,860</u> |

Included in prepayments and accrued income is an amount of £nil (2010 : £nil), relating to lease incentives, and an amount of £nil (2010: £nil) relating to a fixed and guaranteed rent review debtor, which are amortised over the period to the next rent review which may be due after more than one year.

Long-term debtors (receivable after more than one year)

| | | |
|---|----------------------|----------------------|
| Deferred tax asset (see note 10) | 10,885,067 | 13,432,790 |
| Amounts owed by group companies - Long term loans | 1,859,215,800 | 1,905,385,528 |
| | <u>1,870,100,867</u> | <u>1,918,818,318</u> |

8. Creditors due within one year

| | 2011 | 2010 |
|---|--------------------|--------------------|
| | £ | £ |
| Trade creditors | - | - |
| Debenture loans (see note 9) | 46,169,728 | 45,678,868 |
| Interest rate derivative liabilities* | 46,436,544 | 53,091,356 |
| Amounts owed to group companies - current accounts | 14,764,391 | 14,747,150 |
| Amounts owed to associated companies - current accounts | - | - |
| Corporation tax | 3,913 | 10,901 |
| Other taxation and social security | - | - |
| Other creditors | 6,000 | 5,000 |
| Accruals and deferred income | 17,677,622 | 17,709,877 |
| | <u>125,058,198</u> | <u>131,243,152</u> |

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

Amounts owed to fellow group companies are repayable on demand. There is no interest charged on these balances.

Broadgate Financing PLC
Notes to the accounts
for the year ended 31 March 2011

| 9. Creditors due after one year (including borrowings) | | 2011 | 2010 |
|---|-------------------|----------------------|----------------------|
| | | £ | £ |
| Debentures and loans | due 1 to 2 years | 46,765,677 | 46,169,728 |
| | due 2 to 5 years | 145,135,726 | 141,946,219 |
| | due after 5 years | 1,667,314,397 | 1,717,269,581 |
| | | <u>1,859,215,800</u> | <u>1,905,385,528</u> |

Hedge accounting

The company uses interest rates swaps to hedge exposure to the variability in cash flows on floating rate debt. At 31 March 2011 the market value of these derivatives, which have been designated cash flow hedges under FRS 26, is a liability of £46.4m (2010: £53.1m liability). The valuation movement reflects the reduction in Sterling rates since the beginning of the year.

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 risk on variable rate debt.

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.

The ineffectiveness recognised in the income statement on cash flow hedges in the year ended 31 March 2011 was £nil (2010: £nil). The table below summarises variable rate debt hedged at 31 March 2011.

| | | 2011 | 2010 |
|--------------|------------------|-------------|-------------|
| | | £ | £ |
| Outstanding: | after one year | 439,416,510 | 477,000,000 |
| | after two years | 401,833,490 | 439,416,510 |
| | after five years | 292,492,390 | 328,711,760 |

Borrowings repayment analysis

| | | | |
|--|--|----------------------|----------------------|
| Repayments due: | | | |
| Within one year | | 46,169,728 | 45,678,868 |
| 1-2 years | | 46,765,677 | 46,169,728 |
| 2-5 years | | 145,135,726 | 141,946,219 |
| | | <u>238,071,131</u> | <u>233,794,815</u> |
| After 5 years | | 1,667,314,397 | 1,717,269,581 |
| Total borrowings | | <u>1,905,385,528</u> | <u>1,951,064,396</u> |
| Fair value of interest rate derivative liabilities | | 46,436,544 | 53,091,356 |
| | | <u>1,951,822,072</u> | <u>2,004,155,752</u> |

Secured bonds on the assets of the Broadgate Property Holding Group

| | | |
|--|----------------------|----------------------|
| Class A1 Floating Rate Bonds due 2032 | 225,000,000 | 225,000,000 |
| Class A2 4.949% Bonds due 2031 | 272,867,490 | 280,961,100 |
| 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 | 365,518,038 | 365,519,806 |
| Class C1 Floating Rate Bonds due 2022 | 176,250,000 | 195,833,490 |
| Class C2 5.098% Bonds due 2035 | 215,000,000 | 215,000,000 |
| Class D Floating Rate Bonds due 2025 | 75,750,000 | 93,750,000 |
| Total borrowings | <u>1,905,385,528</u> | <u>1,951,064,396</u> |
| Fair value of interest rate derivative liabilities | 46,436,544 | 53,091,356 |
| | <u>1,951,822,072</u> | <u>2,004,155,752</u> |

Broadgate Financing PLC

Notes to the accounts for the year ended 31 March 2011

9. Creditors due after one year (including borrowings) - continued

At 31 March 2011 taking into account the effect of derivatives, 100% (2010: 100%) of the bonds were fixed. The bonds amortise between 2005 to 2036, and are secured on properties of the group valued at £2,566m (2010: £1,918m) and cash of £nil (2010: £224m). The weighted average interest rate of the bonds is 5.02% (2010: 5.03%). The weighted average maturity of the bonds is 15.3 years (2010: 15.9 years).

On 30 July 2010, Bluebutton Properties Ltd, the ultimate holding company, announced that it had signed an agreement for leases with UBS AG to redevelop a new 700,000 sq ft building on the site of 4 and 6 Broadgate.

To facilitate the development of the new building, 3, 4 and 6 Broadgate were removed from the securitisation and substituted by 201 Bishopsgate and The Broadgate Tower, which were previously outside the securitisation. At the same time, £226m of cash collateral was released from the securitisation.

On 2 March 2005 the company issued Bonds with a nominal value of £2,080,000,000 for proceeds of £2,080,710,056.

At 31 March 2011 the company was financed by £1,905m bonds (2010 - £1,951m).

The market value of the bonds at 31 March 2011 was £187.0m less than the book value (2010: £296.8m).

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 bonds have been established by obtaining quoted market prices from brokers. The derivatives have been valued by calculating the present value of future cash flows, using appropriate market discount rates, by an independent treasury advisor.

10. Deferred tax asset

| | 2011 | 2010 |
|---|-------------------|-------------------|
| | £ | £ |
| 1 April 2010 | 13,432,790 | - |
| Credited to hedging and translation reserve | (2,547,723) | 13,432,790 |
| 31 March 2011 | <u>10,885,067</u> | <u>13,432,790</u> |

The Directors consider that a deferred tax asset, that relates primarily to timing differences arising with respect to the revaluation of interest rate derivatives, is required to be provided for the current and prior year.

11. Share capital

| | 2011 | 2010 |
|---|---------------|---------------|
| | £ | £ |
| 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 and as at 31 March : 50,000 shares | <u>12,500</u> | <u>12,500</u> |

Broadgate Financing PLC

**Notes to the accounts
for the year ended 31 March 2011**

12. Reconciliation of movements in shareholders' funds and reserves

| | Share capital £ | Share premium £ | Revaluation reserve £ | Hedging & translation reserve £ | Profit and loss account £ | Total £ |
|--|--------------------|--------------------|--------------------------|------------------------------------|------------------------------|---------------------|
| Opening shareholders' funds (deficit) | 12,500 | - | - | (34,541,460) | 356,024 | (34,172,936) |
| Profit for the financial year | - | - | - | - | 6,229 | 6,229 |
| Dividends | - | - | - | - | - | - |
| Share issues in the year | - | - | - | - | - | - |
| Unrealised surplus (deficit) on revaluation of investment properties | - | - | - | - | - | - |
| Realisation of prior year revaluations | - | - | - | - | - | - |
| Derivative valuation movements on net investments | - | - | - | 6,108,608 | - | 6,108,608 |
| Taxation on hedging translation movements | - | - | - | (2,547,723) | - | (2,547,723) |
| Closing shareholders' funds (deficit) | 12,500 | - | - | (30,980,575) | 362,253 | (30,605,822) |

Broadgate Financing PLC
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13. Capital commitments

The company had capital commitments contracted as at 31 March 2011 of £nil (2010 : £nil).

14. Contingent liabilities

The company had no contingent liabilities as at as at 31 March 2011 (2010: £nil).

15. Related parties

There were no related party disclosures either during the year or at the year end as defined by Financial Reporting Standard 8.

16. Subsequent events

There have been no significant events since the year end.

17. Immediate parent and ultimate holding company

The immediate parent company is Broadgate Property Holdings Limited.

The ultimate holding company is Bluebutton Properties Limited (Jersey Registered), a joint venture between The British Land Company PLC and BRE/Brick Limited.

Bluebutton Properties UK Limited is the smallest and largest group for which group accounts are available and which include the company. The accounts of Bluebutton Properties UK Limited can be obtained from The British Land Company PLC, York House, 45 Seymour Street, London W1H 7LX.