

Broadgate Financing PLC

£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

£215,000,000 Class C2 5.098 per cent. Bonds due 2035

Annual Update as at 31 March 2021

28 May 2021

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 backed by the rental income from Broadgate, the premier City of London estate.

Broadgate Financing PLC is an indirect subsidiary of Broadgate REIT Limited. Broadgate REIT Limited operates as a joint venture between Euro Bluebell LLP, an affiliate of GIC, Singapore's sovereign wealth fund, and BL Bluebutton 2014 Limited, a wholly owned subsidiary of The British Land Company PLC.

Further details on the estate itself can be found on the British Land website at <https://www.britishland.com/our-places/broadgate>

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. <https://www.britishland.com/investors/debt/strategic-partnerships/broadgate-financing-plc>

Asset Performance

For period ended:	31 March 2021
Valuation:	£4.086 billion
Net Initial Yield (topped up):	4.6% ¹
Gross Passing Rent per annum:	£136.6m
Gross Contracted Rent per annum:	£175.5m ²
Average contracted rent psf (office space/ excluding vacancies):	£51.27 psf ^{1, 3}
Average headline ERV psf (office space):	£61.76 psf
Vacancy rate:	7.0% ³

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

² Includes £35.6m Contracted Rent at 100 Liverpool Street and 135 Bishopsgate (for leases not included in Gross Passing Rent above)

³ As at 31 March 2021

Overview of the year to 31 March 2021

New Lettings

In the first half of the year to September 2020;

At 100 Liverpool Street, we exchanged an Agreement for Lease with RPMI for 15,000 sq ft on part L7 (5 years / £76 psf / 15.5 months cap con).

A new direct 10 year lease (with 5 year break option) was agreed with London Grid for Learning ("LGfL") for 5,600 sq ft on part of the 9th floor at 10 Exchange Square. LGfL were previously a subtenant of Western Asset Management ("WAM") and have entered into a new 10 year lease direct with the landlord at a rent of £70 psf with 11 months rent free and a further 10 months rent free period if their break option is not activated at the end of the 5th year.

In the second half of the year to March 2021;

A new letting was completed with Vorboss on the third floor of Broadwalk House. The 16,5000 sq ft deal is for a 4.5 year period aligning with the other lease events in the building and is at a rent of £45psf with 12 months rent free.

William Blair entered into a new lease of Level 19 at Broadgate Tower (part of which they previously subleased from Itau) for a term to June 2023 at a rent of £73psf with 3 months rent free.

At year end, Big Architects were under offer (and have subsequently completed) a letting of the two large ground floor units at the Wilson Street elevation of 1 Finsbury Avenue. Pre pandemic these were under offer for gym

and competitive socialising uses, however Big will convert these to office units delivering a higher rent of c. £600k p/a.

Lease Renewals and Restructurings

In the first half of the year to September 2020;

On the top floor of 10 Exchange Square a new 10 year reversionary lease for 12,000 sq ft was agreed with WAM. The lease commences at the current passing rent, but increases to £72.50psf on completion of works to the common parts.

Further renewals have taken place in 10 Exchange Square with Herbert Smith entering into an additional year of term certain on levels 5 and 6 combined rent of £1.5m per annum.

At 155 Bishopsgate, ETC Venues have removed their break option in 2025 (adding 5 years to the term certain) in exchange for 3 months rent free (applied to the June quarter) and deferral of the December quarter's rent over 18 months.

A regear of WeWork's leases in 199 Bishopsgate was agreed reflecting c3.5 months rent free spread over an 18 month period in exchange for the insertion of a rent review in March 2023 with a minimum uplift of £3.50 psf

In the second half of the year to March 2021;

A five year renewal has been agreed with Piccolino at 10 Exchange Square with 6 months rent free and a mutual break option at the end of year 3. The lease has a stepped rent commencing at 50% of the previous base and stepping up to the previous rent by year 4.

William Blair completed a 2 year lease extension over their space on Level 17 at Broadgate Tower. In exchange for 2 months rent free the rent increased from £61psf to £72.50psf

Lease Surrenders and Breaks

In the first half of the year to September 2020;

In order to facilitate the leasing activity described above, WAM surrendered their lease over level 10 and part level 9 of 10 Exchange Square.

As previously disclosed in the Annual update dated 4 June 2020, at Exchange House a surrender was agreed with Societe General on the top two floors. This was agreed to expedite a refurbishment of the vacant space. A surrender premium reflecting the total remaining rent and service charge liability was received from the tenant.

In the second half of the year to March 2021;

In order to facilitate the William Blair transaction outlined above, Itau surrendered their occupation of L19 of the Broadgate Tower. Itau will also be vacating their space at L20 at expiry in June 2021.

Rent Reviews

In the first half of the year to September 2020;

In 10 Exchange Square, Herbert Smith's September 2019 rent reviews over levels 2-5 were settled at an overall uplift of £96,132 p/a.

In 201 Bishopsgate, the Mayer Brown October 2018 rent reviews relating to levels 1-4 and part level 5 were settled at an overall annual uplift of £400,000.

In 155 Bishopsgate, both SMTB and ETCs June 2019 rent reviews were settled at a nil uplift.

In the second half of the year to March 2021;

In Broadgate Tower, we agreed the September 2018 level 4 rent review with Skidmore Owings at a net effective rent of £43.50 psf, reflecting an annual rental uplift in excess of £60k.

Additional Information

Covid-19 update

Since the start of the pandemic, we have focused on supporting our customers and the communities in which we operate. We have taken steps to keep our campus safe and secure, both inside and outside the buildings and across the broader environment. Our support also comprised a targeted approach that included forgiving rents to those most affected, primarily a few, smaller, independent customers with strong underlying businesses but who were negatively impacted by Covid-19.

Rent collection for the securitisation remains strong, with 98% of rent due at the March quarter day received within 14 days.

Refurbishment schemes

We reached practical completion at 100 Liverpool Street (520,000 sq ft) during the year. The building is 89% let including 48,000 sq ft allocated to Storey, with occupiers including SMBC Europe, Peel Hunt and Milbank Tweed. 68% of the retail space is let or under offer and with let space now open in line with Government regulations. In March 2021, 100 Liverpool Street became a net zero carbon development, when we offset the residual carbon associated with this building. The building achieved BREEAM Outstanding and WELL Gold Standard certifications.

We continue to modernise our existing space with asset management initiatives across the campus. The part refurbishment of Broadwalk House completed in the year and we are on site with partial refurbishments, the largest of which is at 155 Bishopsgate (£70m), as well as Exchange House and 10 Exchange Square. This investment ensures that existing as well as new space is well positioned to benefit as occupiers increasingly focus on the best space for their business. We are also on site at Exchange Park, which will deliver 1.5 acres of green space, including amphitheatre style seating and outside events space which will be open to all and a range of tree and plant life to support biodiversity. Works are due to complete at the end of the year.

Financial Summary

Market Value of Mortgaged Properties ¹	£4.086bn
Annual Rents receivable ^{1,2}	£136.6m

Debt Outstanding³

Class	£'m
A	652.7
B	365.0
C	194.9
Total	1,212.7

Interest Payable⁴

	£'m
A	31.7
B	18.2
C	10.0
Total	59.9

Amortisation Payable⁴

	£'m
A	7.8
B	0.0
C	2.9
Total	10.7

Interest Cover Ratios⁴

A	4.27
B	2.72
C	2.27

DSCR Ratios⁴

A	3.43
B	2.36
C	1.93

LTV Ratios

A	15.98%
B	24.91%
C	29.68%

1. Market values and annual rents receivable are as at 31 March 2021. Market values are provided by Cushman & Wakefield, external valuer to Broadgate Financing PLC.
2. Annual rents receivable excludes leases in rent free periods, primarily at 100 Liverpool Street and 135 Bishopsgate.
3. Debt outstanding is at 6 April 2021, the last interest payment date.
4. Interest in respect of Fixed Rate Bonds is annualised based on interest paid on the last interest payment date, 6 April 2021.

Amortisation for the bonds represents the actual amortisation to be paid over the four interest payment dates subsequent to the 6 April 2021 interest payment.