

---

**Broadgate Financing PLC**

**Interim Financial Statements**

**Six month period ended 30 September 2016**

---

**Company number: 05316365**

---

**Broadgate Financing PLC**

**INTERIM MANAGEMENT STATEMENT  
for the six months ended 30 September 2016**

The directors present their interim financial statements for the six months ended 30 September 2016.

**Business review and principal activities**

Broadgate Financing PLC ("the company") is a wholly owned subsidiary of Broadgate Property Holdings Limited and operates as a constituent of the Broadgate REIT Limited group of companies ("the group"). 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.

The company's principal activity is to provide funding to fellow subsidiaries of Broadgate Property Holdings Limited.

**Business review**

As shown in the company's Income Statement on page 3, the company's profit on ordinary activities before taxation has increased compared with prior half year.

At 30 September 2016, taking into account the effect of derivatives, interest payable on external bonds remains 100% fixed. Derivatives are not used speculatively and accordingly valuation movements are taken through the hedging and translation reserve. The retained earnings position is £419,591 at 30 September 2016.

No dividends were paid by the company in the six month period ended 30 September 2016 (30 September 2015: £nil).

The Statement of Financial Position on page 5 shows the company has net liabilities of £59,102,628 at 30 September 2016. Net liabilities have increased since 31 March 2016, predominantly as a result of derivative valuation movements.

**Principal risks and uncertainties**

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. The key risks of this group are the performance of the properties and tenant defaults, as this ensures necessary funds are available to repay securitisation interest and principal, and the credit risk of counterparties upon which the Group is dependent for fixing its interest rate exposure and for holding cash deposits. 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.

In relation to the principal risks outlined above and the performance of the properties, on 23 June 2016 the UK electorate voted to leave the European Union. Since the referendum, the external valuers have monitored market transactions and market sentiment in arriving at their opinion of fair value. There is still a shortage of comparable evidence of arm's length transactions, resulting in the valuers exercising a greater degree of judgement than would be applied under more liquid market conditions.

**Responsibility Statement of the Directors in respect of the Half Yearly Financial Report**

Each of the directors (as detailed below) confirms that to the best of his/her knowledge:

The condensed set of interim financial statements has been prepared in accordance with Financial Reporting Standard 104: Interim Financial Reporting issued by the Financial Reporting Council.

The interim management report above includes a fair review of the information required by:

DTR 4.2.7R of the Disclosure and Transparency Rules (DTR), being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.

For and on behalf of the directors:



H Shah

15

November 2016

Directors  
S Barzycki  
C Forshaw  
L Bell  
T Roberts  
H Shah

**Broadgate Financing PLC**

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF  
Broadgate Financing PLC  
for the six months ended 30 September 2016**

**Report on the interim financial statements**

**Our conclusion**

We have reviewed Broadgate Financing PLC's Interim Financial Statements (the "interim financial statements") for the 6 month period ended 30 September 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council.

**What we have reviewed**

The interim financial statements comprise:

- the Condensed Income Statement and Condensed Statement of Comprehensive Income for the period then ended;
- the Condensed Statement of Financial Position as at 30 September 2016;
- the Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Financial Statements have been prepared in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Company is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

**Responsibilities for the interim financial statements and the review**

**Our responsibilities and those of the directors**

The Interim Financial Statements are the responsibility of, and have been approved by, the directors.

Our responsibility is to express a conclusion on the interim financial statements based on our review. This report, including the conclusion, has been prepared for and only for the directors of the Company as a body, for management purposes, in connection with complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. Our report may not be made available to any other party without our prior written consent. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**What a review of interim financial statements involves**

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 enquiries, 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.

We have read the other information contained in the Interim Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
15 November 2016

**Broadgate Financing PLC**

**CONDENSED INCOME STATEMENT**  
**for the six months ended 30 September 2016**

	Note	Six months ended 30 September 2016 Unaudited £	Six months ended 30 September 2015 Unaudited £
Administrative expenses		(611)	(501)
<b>Operating loss</b>		<b>(611)</b>	<b>(501)</b>
Interest receivable and similar income:			
Group	2	41,900,767	43,587,461
External	2	447,344	431,362
Interest payable and similar charges:			
Group	2	(60,694)	(74,992)
External	2	(42,260,311)	(43,940,954)
<b>Profit on ordinary activities before taxation</b>		<b>26,495</b>	<b>2,376</b>
Taxation		-	-
<b>Profit for the financial period</b>		<b>26,495</b>	<b>2,376</b>

All results are derived from continuing operations within the United Kingdom. The company has only one significant class of business: to provide funding to fellow subsidiaries of Broadgate Property Holdings Limited in the United Kingdom.

Broadgate Financing PLC

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**for the six months ended 30 September 2016**

	Six months ended 30 September 2016 Unaudited £	Six months ended 30 September 2015 Unaudited £
<b>Profit for the financial period</b>	<b>26,495</b>	<b>2,376</b>
<b>Other comprehensive income:</b>		
Derivative valuation movements on cash flow hedges	(4,269,130)	6,748,821
	<hr/>	<hr/>
<b>Total comprehensive (expense)/income for the period</b>	<b>(4,242,635)</b>	<b>6,751,197</b>
	<hr/> <hr/>	<hr/> <hr/>

**Broadgate Financing PLC**

**CONDENSED STATEMENT OF FINANCIAL POSITION  
as at 30 September 2016**

	Note	30 September 2016 Unaudited £	£	31 March 2016 Audited (Restated) £	£
<b>Current assets</b>					
Debtors - due within one year	3	70,886,717		70,716,779	
Debtors - due after more than one year	3	1,591,166,882		1,616,625,160	
Cash and deposits		200,331,346		200,130,808	
		<u>1,862,384,945</u>		<u>1,887,472,747</u>	
<b>Creditors due within one year</b>	<b>4</b>	<b>(82,919,135)</b>		<b>(82,466,934)</b>	
<b>Net current assets (including long term debtors)</b>		<b>1,779,465,810</b>		<b>1,805,005,813</b>	
<b>Creditors due after one year</b>	<b>5</b>	<b>(1,838,568,438)</b>		<b>(1,859,865,806)</b>	
<b>Net liabilities</b>		<b>(59,102,628)</b>		<b>(54,859,993)</b>	
<b>Capital and reserves</b>					
Called up share capital	6	12,500		12,500	
Hedging and translation reserve		(59,534,719)		(55,265,589)	
Retained earnings		419,591		393,096	
<b>Total equity</b>		<b>(59,102,628)</b>		<b>(54,859,993)</b>	

The interim financial statements of Broadgate Financing PLC, company number 05316365, on pages 3 to 12, were approved by the Board of Directors and authorised for issued on **25 November 2016** and signed on its behalf by:

Director

**H. SHAH**

**Broadgate Financing PLC**

**STATEMENT OF CHANGES IN EQUITY**  
**as at 30 September 2016**

	Called up shares capital £	Hedging and translation reserve £	Retained earnings £	Total equity £
<b>Balance as at 1 April 2015</b>	12,500	(60,562,328)	387,063	(60,162,765)
Profit for the year	-	-	2,376	2,376
Derivative valuation movements on cash flow hedges	-	6,748,821	-	6,748,821
<b>Balance as at 30 September 2015</b>	<u>12,500</u>	<u>(53,813,507)</u>	<u>389,439</u>	<u>(53,411,568)</u>
<b>Balance as at 1 April 2016</b>	12,500	(55,265,589)	393,096	(54,859,993)
Profit for the period	-	-	26,495	26,495
Derivative valuation movements on cash flow hedges	-	(4,269,130)	-	(4,269,130)
<b>Balance as at 30 September 2016</b>	<u>12,500</u>	<u>(59,534,719)</u>	<u>419,591</u>	<u>(59,102,628)</u>

**Broadgate Financing PLC**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS  
for the six months ended 30 September 2016**

**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 information for the year ended 31 March 2016 does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006.

A copy of the statutory financial statements for that year has been delivered to the Registrar of companies. The auditors reported on those financial statements: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

**Basis of preparation**

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. The net liability position of the Statement of Financial Position 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. 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. They thus continue to adopt the going concern basis of accounting in preparing the interim financial statements.

These interim financial statements were prepared in accordance with Financial Reporting Standard 104 Interim Financial Reporting ("FRS 104"). The company prepared its interim financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these interim financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has taken advantage of the FRS 101 disclosure exemption as appropriate.

**Restatement**

As at 31 March 2016, the company's £185,000,000 term loan facility was classified as a current liability and noted as repayable on demand. Following a review of the terms associated to the loan it has subsequently been classified as a non-current liability and repayable after 5 years from 30 September 2016 in the current period. The 31 March 2016 comparatives have therefore been restated to reflect this.

**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.

**Financial liabilities - borrowings**

Debt instruments initially 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 IAS 39, cash flow hedges are carried at fair value in the Statement of Financial Position. 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 Income Statement.

**Interest payable and receivable**

Interest payable and receivable is recognised as incurred under the accruals concept. Interest payable includes financing charges which are spread over the period to redemption, using the effective interest method. Commitment fees on non-utilised facilities are also included within interest payable.

**Taxation**

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit may differ from net profit as reported in the Income Statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the differences between the balance sheet value and tax base value, on an undiscounted basis.



**Broadgate Financing PLC**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**for the six months ended 30 September 2016**

**2. Interest payable and receivable and similar charges/income**

	Six months ended 30 September 2016 Unaudited £	Six months ended 30 September 2016 Unaudited £
<b>Interest receivable on</b>		
Cash and deposits	447,344	431,362
Group loans and receivables	41,900,767	43,587,461
<b>Total interest receivable</b>	<u>42,348,111</u>	<u>44,018,823</u>
<b>Interest payable on</b>		
Bank loans and overdrafts	(627,346)	(635,928)
Bonds	(35,612,318)	(36,522,327)
Derivatives	(6,020,647)	(6,782,835)
	<u>(42,260,311)</u>	<u>(43,941,090)</u>
Group loans	(60,694)	(74,992)
<b>Total interest payable</b>	<u>(42,321,005)</u>	<u>(44,016,082)</u>

**3. Debtors**

	30 September 2016 Unaudited £	31 March 2016 Audited £
<b>Current debtors (receivable within one year)</b>		
Amounts owed by group companies - Broadgate (Funding) 2005 Limited	50,960,538	50,689,237
Prepayments and accrued income	19,926,179	20,027,542
	<u>70,886,717</u>	<u>70,716,779</u>
<b>Long-term debtors (receivable after more than one year)</b>		
Amounts owed by group companies - Broadgate (Funding) 2005 Limited	1,591,166,882	1,616,625,160
	<u>1,591,166,882</u>	<u>1,616,625,160</u>

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**for the six months ended 30 September 2016**

**4. Creditors due within one year**

	30 September 2016 Unaudited £	31 March 2016 Audited (Restated) £
Debentures loans (see note 5)	50,960,538	50,689,237
Amounts owed to group companies - current accounts	14,904,492	14,729,453
Amounts owed to associated companies - current accounts	1,490	2,998
Other creditors	11,501	11,001
Accruals and deferred income	17,041,114	17,034,245
	<u>82,919,135</u>	<u>82,466,934</u>

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

**5. Creditors due after one year (including borrowings)**

	30 September 2016 Unaudited £	31 March 2016 Audited (Restated) £
Loans due 1 to 2 years	51,680,590	51,315,973
due 2 to 5 years	130,511,434	139,067,847
due after 5 years	1,593,974,858	1,611,241,339
Interest rate derivative liabilities *	62,401,556	58,240,647
	<u>1,838,568,438</u>	<u>1,859,865,806</u>

\*Includes contracted cash flow with a maturity within one year at fair value.

Amounts due after five years include the term loan of £185m which represents a drawn liquidity facility with The Royal Bank Of Scotland PLC. The cash received is held on deposit.

**Hedge accounting**

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. At 30 September 2016, the market value of these derivatives, which have been designated cash flow hedges under IAS 39, is a liability of £62.4m (31 March 2016: £58.2m liability). The valuation movement reflects the reduction in Sterling interest rates since the beginning of the period.

The ineffectiveness recognised in the Income Statement on cash flow hedges in the period ended 30 September 2016 was £nil (31 March 2016: £nil). The table on the following page summarises variable rate debt hedged at 30 September 2016.

**Broadgate Financing PLC**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**for the six months ended 30 September 2016**

**5. Creditors due after one year (including borrowings) (continued)**

	<b>30 September 2016 Unaudited</b>	<b>31 March 2016 Audited (Restated)</b>
	£	£
Outstanding: after one year	238,163,090	256,272,550
after two years	201,943,260	220,052,710
after five years	122,659,200	130,977,150
<b>Borrowings repayment analysis</b>		
Repayments due:		
Within one year	50,960,538	50,689,237
1-2 years	51,680,590	51,315,973
2-5 years	130,511,434	139,067,847
	<hr/>	<hr/>
After 5 years	233,152,562	241,073,057
	<hr/>	<hr/>
After 5 years	1,593,974,858	1,611,241,339
	<hr/>	<hr/>
Total borrowings	1,827,127,420	1,852,314,396
Fair value of interest rate derivatives	62,401,556	58,240,647
	<hr/>	<hr/>
Gross debt	1,889,528,976	1,910,555,043
	<hr/>	<hr/>

**Secured bonds on the assets of the Broadgate Property Holdings Limited Group**

	<b>30 September 2016 Unaudited</b>	<b>31 March 2016 Audited</b>
	£	£
Class A1 Floating Rate Bonds due 2032	184,090,950	190,908,900
Class A2 4.949% Bonds due 2031	218,743,560	224,419,230
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 4.99% Bonds due 2033	365,451,400	365,419,586
Class C1 Floating Rate Bonds due 2022	68,541,510	78,333,490
Class C2 5.098% Bonds due 2035	208,550,000	209,983,190
Class D Floating Rate Bonds due 2025	21,750,000	23,250,000
	<hr/>	<hr/>
Total borrowings	1,642,127,420	1,852,314,396
Fair value of interest rate derivative liabilities	62,401,556	58,240,647
	<hr/>	<hr/>
Total secured bond borrowings	1,704,528,976	1,910,555,043
	<hr/>	<hr/>

At 30 September 2016, taking into account the effect of derivatives, 100% (31 March 2016: 100%) of the bonds were fixed. The bonds amortise between 2005 to 2036, and are secured on properties of the group valued at £3,418m (31 March 2016: £3,693m) and cash of £nil (31 March 2016: £nil). Including derivatives, the weighted average interest rate of the bonds is 5.03% (31 March 2016: 5.03%). The weighted average maturity of the bonds is 11.8 years (31 March 2016: 12.1 years).

**Broadgate Financing PLC**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**for the six months ended 30 September 2016**

**5. Creditors due after one year (including borrowings) (continued)**

On 2 March 2005, the company issued Bonds with a nominal value of £2,080m for proceeds of £2,081m.

Except as detailed below, the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim financial statements are approximately equal to their fair values:

	Level	30 September 2016 Unaudited £	31 March 2016 Audited £
Secured bonds at fair value	2	<u>2,031,107,076</u>	<u>1,900,877,799</u>

**Fair value of bonds**

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.

**Risk Management**

**Capital risk management:**

The company finances its operations by a mixture of equity and public debt issues to support the property strategy of the group.

The approach adopted has been to engage in debt financing with long term maturity dates and as such the bonds issued are due between 2022 and 2036. Including debt amortisation 77.0% (31 March 2016: 77.0%) of the total borrowings is due for payment after 5 years.

The principal bond covenant is a requirement to meet interest and amortisation payments as they fall due.

**Credit risk:**

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. The carrying amount of financial assets recorded in the interim financial statements represents the company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Cash and deposits at 30 September 2016 amounted to £200m (31 March 2016: £200m) and are placed with European Financial institutions with BBB+ or better credit ratings. At 30 September 2016, prior to taking account of any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits and interest rate swaps was £200m (31 March 2016: £200m). This represents 10.7% (31 March 2016: 10.6%) of company's gross assets.

The company's principal credit risk relates to an intra-group loan to Broadgate (Funding) 2005 Limited. At 30 September 2016, this loan stood at £1,642m (31 March 2016: £1,667m). The purpose of this loan is to provide funding to fellow subsidiaries of the Broadgate Property Holdings Limited group.

At 30 September 2016, the fair value of all interest rate derivatives which had a positive value was £nil (31 March 2016: £nil).

In order to manage this risk, management regularly reviews the credit rating of counterparties and monitors all amounts that are owed to the company.

**Liquidity risk:**

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.

**Interest rate risk:**

The company's activities expose it 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.

**Broadgate Financing PLC**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)**  
**for the six months ended 30 September 2016**

**6. Called up share capital**

	<b>30 September 2016 Unaudited £</b>	<b>31 March 2016 Audited £</b>
<b>Issued share capital - allotted, called up and fully paid</b>		
<b>Ordinary shares of £1.00 each called up to the extent of £0.25 each</b>		
Opening and closing balance: 50,000 shares	<b>12,500</b>	<b>12,500</b>

**7. Capital commitments**

The company had capital commitments contracted as at 30 September 2016 of £nil (31 March 2016: £nil).

**8. Immediate parent and ultimate holding company**

The immediate parent company is Broadgate Property Holdings Limited.

The ultimate parent company is 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.

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