

## **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*

### **Semi-annual Update as at 30 September 2020**

**03 December 2020**

This semi-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 semi-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 semi-annual update is not, and is not accompanied by, any inducement.

This semi-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:	30 September 2020
Valuation:	£4.066 billion
Net Initial Yield (topped up):	4.5% <sup>1</sup>
Gross Passing Rent per annum:	£131.1m
Gross Contracted Rent per annum:	£175.0m <sup>2</sup>
Average contracted rent psf (office space/ excluding vacancies):	£53.76 psf <sup>1, 3</sup>
Average headline ERV psf (office space):	£63.55 psf
Vacancy rate:	5.8% <sup>1, 3</sup>

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<sup>1</sup> Assumes top up of rent free periods, after purchasers' costs

<sup>2</sup> Includes £38.0m contracted rent at 100 Liverpool Street and 135 Bishopsgate (for leases not included in Gross Passing Rent above)

<sup>3</sup> As at 30 September 2020, including 100 Liverpool Street which reached practical completion in the period

## Overview of the 6 month period to 30 September 2020

### New Lettings

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.

### Lease Renewals and Restructurings

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

## **Lease Surrenders and Breaks**

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.

## **Rent Reviews**

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.

## **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 96% of rent due at the September quarter day received within 14 days.

### *Refurbishment schemes*

We reached practical completion at 100 Liverpool Street (520,000 sq ft) in the period. The building is 89% let including 48,000 sq ft allocated to Storey, with occupiers including SMBC Europe, Peel Hunt and Milbank Tweed. Space has been handed over to occupiers, with fit out to be completed over the course of next year. It is our lowest ever embodied carbon building at 390 kgs CO<sub>2</sub> e/m<sup>2</sup>, reflecting our ability to retain much of the previous structure. We are now targeting a BREEAM Outstanding certification on this building; we are on track for a Well Gold certification for wellbeing and achieved a Wiredscore Platinum rating for internet connectivity.

We continue to modernise our existing space with asset management initiatives across the campus, the largest of which is at 155 Bishopsgate (£70m). Other projects are at Exchange House, 10 Exchange Square and Broadwalk House, together totalling £68m. This investment ensures that existing as well as new space is well positioned as demand further polarises towards high quality, modern offices. We are also investing in the public realm, with plans to transform Exchange Square into a new public park covering 1.5 acres. Enabling works are underway and the site works will commence in December 2020.

## Financial Summary

Market Value of Mortgaged Properties <sup>1</sup>	£4.066bn
Annual Rents receivable <sup>1,2</sup>	£131.1m

## Debt Outstanding<sup>3</sup>

Class	£'m
A	656.5
B	365.0
C	196.4
Total	1,217.9

## Interest Payable<sup>4</sup>

	£'m
A	31.9
B	18.2
C	10.1
Total	60.2

## Amortisation Payable<sup>4</sup>

	£'m
A	7.6
B	0.0
C	2.9
Total	10.5

## Interest Cover Ratios<sup>4</sup>

A	4.08
B	2.61
C	2.17

## DSCR Ratios<sup>4</sup>

A	3.30
B	2.26
C	1.85

## LTV Ratios

A	16.15%
B	25.12%
C	29.95%

1. Market values and annual rents receivable are as at 30 September 2020. Market values are provided by Cushman & Wakefield, external valuer to Broadgate Financing PLC.
2. Annual rents receivable comprises Gross Passing Rent per annum as at 30 September 2020.
3. Debt outstanding is at 5 October 2020, 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, 5 October 2020.

Amortisation for the bonds represents the actual amortisation to be paid over the four interest payment dates subsequent to the 5 October 2020 interest payment.