

## **Broadgate Financing PLC**

*£225,000,000 Class A1 Floating Rate Bonds due 2032*  
*£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*  
*£235,000,000 Class C1 Floating Rate Bonds due 2022*  
*£215,000,000 Class C2 5.098 per cent. Bonds due 2035*  
*£150,000,000 Class D Floating Rate Bonds due 2025*

### **Semi-annual Update as at 30 September 2017**

**04 December 2017**

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 (of which £1.578 billion is currently outstanding) backed by the rental income from Broadgate, the premier City of London estate.

On 3 November 2009 The British Land Company PLC (“British Land”) formed a joint venture, Bluebutton Properties Limited (“Bluebutton”), with Blackstone Group LP funds to hold the Broadgate Estate, including the currently securitised assets. As a consequence of the transaction, Broadgate Financing PLC became an indirect subsidiary of Bluebutton.

On 14th February 2014 GIC, Singapore’s sovereign wealth fund acquired the 50% interest in Bluebutton owned by Blackstone Real Estate Partners Europe III and Blackstone Real Estate Partners VI.

On 24 March 2015, British Land and GIC, the 50:50 owners of Broadgate, announced the establishment of Broadgate REIT Limited, a real estate investment trust as the new holding company for their joint venture. This did not involve any change to either party's economic interest in Broadgate (or the joint venture).

Further details on the estate itself can be found on the British Land website at <http://www.britishland.com/our-places/find-a-place#/detail/BROAD>

## **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.

<http://www.britishland.com/investors/strategic-partnerships/broadgate-financing-plc.aspx>

## Asset Performance

For period ended:	30 September 2017
Valuation:	£3.537 billion
Net Initial Yield (topped up):	4.8% <sup>1</sup>
Gross Passing Rent per annum:	£156.5m <sup>2</sup>
Gross Contracted Rent per annum:	£159.4m <sup>2</sup>
Average contracted rent psf (office space/ excluding vacancies):	£49.01 psf
Average headline ERV psf (office space):	£60.28 psf
Vacancy rate:	3.2.% <sup>3</sup>

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

<sup>2</sup> Includes £17.7m of 100 Liverpool Street and 135 Bishopsgate capital payments held in securitisation to be released as rental income on January 18, April 18, July 18 and October 18 interest payment dates

<sup>3</sup> As at 30 September 2017; vacancies excluding 100 Liverpool Street, 1 Finsbury Avenue and 135 Bishopsgate (see Additional Information).

## Overview of the six month period to 30 September 2017

### New Lettings

The part 9th Floor (6,700 sq ft) at 10 Exchange Square has been let to Falcon Private Wealth at £65.00 psf on a 10 year term with a tenant break option in year 3 and an initial 4 months' rent free.

At Broadgate Tower, the 2,400 sq ft first floor office unit has been let to ACM Group at £67.50 psf with 12 months' rent free on a 5 year term.

At 2 Finsbury Avenue, the digital team from Kingfisher has leased 25,000 sq ft of space for a two year term through British Land's flexible workspace brand Storey. Storey have also taken 28,500 sq ft of space at 2 Finsbury Avenue. The majority of the space is let at headline rents of £30 psf.

### Lease Restructurings

Credit Agricole have taken a reversionary lease on 132,000 sq ft over part ground to third floors at Broadwalk House on a six year term at £45 psf.

### Lease surrenders

NatWest (RBS) paid a premium of £34m to surrender their lease at 135 Bishopsgate in June 2017. The lease was due to expire on Feb 2019 at an annual rent of £13.85m.

### Rent Reviews

In the first six months of the year, the June 2016 rent reviews on Levels 19 and 20 of Broadgate Tower were agreed with Itau BBA at £62.50 psf.

At 5 Finsbury Avenue Square, the July 2015 rent review with Gaucho was settled at £210,000 p.a.

**Additional Information**

Commitment to 100 Liverpool Street is under offer to a single occupier on 37% of the office space. This building, to open soon after Crossrail services begin running through neighbouring Liverpool Street Station, will bring 90,000 sq ft of retail and restaurants as well as 430,000sq ft of office space. The floors are highly divisible, catering for businesses of various sizes.

Since 1 April 2017, positive planning resolutions have been secured at 1 Finsbury Avenue and 135 Bishopsgate.

1 Finsbury Avenue will introduce a cinema, retail and restaurants on the ground floor and exclusive negotiations are being undertaken with technology company, Mimecast, for 78,000 sq ft – a third of the office space.

Plans for the significant refurbishment of 135 Bishopsgate have resulted in 125,000 sq ft of the 325,000 sq ft office space going under offer. The refurbishment includes a substantial retail allocation, and a 43,000 sq ft flagship presence across the ground and first floors is under offer to a global brand, which would increase the attractiveness of the overall campus. This refurbishment is expected to be committed to once these substantial pre-lets have been secured.

These three buildings deliver over 1 million sq ft of space, 36% of which is now let or under offer. 16% of this new space will be retail, restaurants and leisure, broadening Broadgate's appeal to a wider range of occupiers.

A resolution to grant planning consent for a 563,000 sq ft refurbishment of 2&3 Finsbury Avenue has been received, which would increase the existing space by 374,000 sq ft. At 1-2 Broadgate, feasibility works are currently ongoing for a scheme that would increase the retail element, enhancing the attractive retail and leisure options across the campus.

## Financial Summary

Market Value of Mortgaged Properties <sup>1</sup>	£3,537m
Annual Rents receivable <sup>1</sup>	£156.5m

## Debt Outstanding<sup>2</sup>

Class	£'m
A	945.85
B	365.00
C	249.03
D	18.0
Total	<b>1,577.88</b>

## Interest Payable<sup>3, 4</sup>

	£'m
A	46.3
B	18.2
C	12.9
D	1.0
Total	<b>78.4</b>

## Amortisation Payable<sup>3</sup>

	£'m
A	26.4
B	0.0
C	22.5
D	3.0
Total	<b>51.9</b>

## Interest Cover Ratios<sup>3, 4</sup>

A	3.35
B	2.41
C	2.01
D	1.99

## DSCR Ratios<sup>3, 4</sup>

A	2.14
B	1.71
C	1.23
D	1.20

## LTV Ratios

A	26.74%
B	37.06%
C	44.11%
D	44.62%

1. Market values and annual rents receivable are as at 30 September 2017. Market values are provided by Knight Frank, external valuer to Broadgate Financing PLC. Includes £17.7m of 100 Liverpool Street and 135 Bishopsgate capital payments held in securitisation to be released as rental income on January 18, April 18, July 18 and October 18 interest payment dates
2. Debt outstanding is at 5 October 2017, the last interest payment date.
3. Interest in respect of Fixed Rate Bonds is annualised based on interest paid on the last interest payment date, 5 October 2017.

Interest in respect of Floating Rate Bonds is calculated using the closing balance (after amortisation) on the last interest payment and fixed annual interest rate payable under the interest rate swap transactions which protect against interest rate risk arising from those Floating Rate Bonds.

Amortisation for the bonds represents the actual amortisation to be paid over the four interest payments dates subsequent to the 5 October 2017 interest payment.

4. Step-up Margins are excluded from interest calculations.