

Registration number: 05316365

Broadgate Financing PLC

Interim Report and Financial Statements

for the six months ended 30 September 2021

Broadgate Financing PLC

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Broadgate Financing PLC

Directors' Report for the six months ended 30 September 2021

The directors present their report and unaudited interim financial statements for the six months ended 30 September 2021.

Directors of the company

The directors, who held office during the period, and up to the date of signing the interim financial statements, were as follows:

D Lockyer

H Shah

D Richards

Principal activity

The company's principal activity is to provide funding to fellow subsidiaries of Broadgate Property Holdings Limited in the United Kingdom (UK).

Results for the six months

As shown in the company's Profit and Loss Account on page 5, the company's profit on ordinary activities before taxation has decreased compared with the prior period. This decrease is a result of higher interest payable amounts incurred during the year. Consistent with the prior period, the company has continued to amortise bonds as well as incur interest on those bonds outstanding, and charge these costs to fellow subsidiaries.

At 30 September 2021, interest payable on external bonds remains 100% fixed.

The Balance Sheet on page 7 shows the company has net assets of £434,105 at 30 September 2021. Net assets have increased since 31 March 2021 due to the profit recognised in the period.

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 default and credit risk of counterparties for holding cash deposits. These risks are mitigated by preference for tenants with strong covenants on long leases and by using highly rated Financial Institutions for placing cash deposits.

These risks have high visibility to senior executives and are considered and managed on a continuous basis. Executives use their knowledge and experience to knowingly accept a measured degree of market risk.

The group'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 the credit rating of credit counterparties and monitors all amounts that are owed to the company.

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 liabilities as they fall due.

The general risk environment in which the Group operates has remained heightened in the period due to the continued level of uncertainty associated with the impact of Covid-19 and challenges in the UK property market. That said it is considered to have improved during the period, with the lifting of lockdown restrictions resulting in improvement in activity across the Group's properties with rental collection rates returning close to pre-pandemic levels.

Broadgate Financing PLC

Directors' Report for the six months ended 30 September 2021 (continued)

Dividends

No dividends were paid by the company in the six month period ended 30 September 2021 (30 September 2020: £nil).

Going concern

The Directors have reviewed the company's forecast working capital and cash flow requirements examining areas which could give rise to financial exposure, including considering the UK's vaccination led emergence from the Covid-19 pandemic. The company meets its ongoing financial obligations relating to servicing bond requirements primarily through amounts receivable from fellow group undertakings, who in turn derive rental income from the leasing of investment properties. Should there be any shortfall on the amounts received from fellow group undertakings, the company has access to the drawn term loan of £52m to meet certain of these financial obligations as they fall due. The Directors therefore have a reasonable expectation that the company has adequate resources to continue its operations for at least twelve months after the signing of the these financial statements and as a result they continue to adopt the going concern basis in preparing the accounts.

Responsibility Statement of the Directors in respect of the Interim Financial Statements

Each of the directors confirms that to the best of their 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 Directors' Report 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.

16.11.2021 | 18:08 GMT

Approved by the Board on and signed on its behalf by:

DocuSigned by:

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Director

Hursh Shah

Independent review report to Broadgate Financing PLC Report on the condensed interim financial statements

Our conclusion

We have reviewed Broadgate Financing PLC's condensed interim financial statements (the "interim financial statements") in the Interim Report and Financial Statements of Broadgate Financing PLC for the 6 month period ended 30 September 2021 (the "period").

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 and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Balance Sheet as at 30 September 2021;
- the Profit and Loss Account and the Statement of Comprehensive Income for the period then ended;
- 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 Report and Financial Statements of Broadgate Financing PLC have been prepared in accordance with FRS 104 "Interim Financial Reporting" issued by the Financial Reporting Council and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Report and Financial Statements, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Report and Financial Statements in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Report and Financial Statements based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. 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, 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 Report and Financial Statements and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
16 November 2021

Broadgate Financing PLC**Profit and Loss Account for the six months ended 30 September 2021**

	Note	Six months ended 30 September 2021 Unaudited £	Six months ended 30 September 2020 Unaudited £
Turnover		-	-
Administrative expenses		<u>(501)</u>	<u>(501)</u>
Loss on ordinary activities before interest and taxation		(501)	(501)
Interest receivable and similar income	3	53,852,593	30,658,559
Interest payable and similar expenses	4	<u>(53,849,099)</u>	<u>(30,621,542)</u>
Profit on ordinary activities before taxation		2,993	36,516
Tax on profit on ordinary activities		<u>(569)</u>	<u>(6,938)</u>
Profit for the period		<u>2,424</u>	<u>29,578</u>

Turnover and results were 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 (UK).

The notes on pages 9 to 16 form an integral part of these interim financial statements.

Broadgate Financing PLC**Statement of Comprehensive Income for the Period from 1 April 2021 to 30 September 2021**

	Six months ended 30 September 2021 Unaudited £	Six months ended 30 September 2020 Unaudited £
Profit for the period	<u>2,424</u>	<u>29,578</u>
Total comprehensive income for the period	<u><u>2,424</u></u>	<u><u>29,578</u></u>

The notes on pages 9 to 16 form an integral part of these interim financial statements.

Broadgate Financing PLC

(Registration number: 05316365)

Balance Sheet as at 30 September 2021

	Note	30 September 2021 Unaudited £	31 March 2021 Audited £
Current assets			
Debtors due within one year	5	27,155,351	34,382,934
Cash at bank and in hand		55,900,522	97,578,027
Debtors due after more than one year	5	<u>1,100,372,878</u>	<u>1,204,907,390</u>
		<u>1,183,428,751</u>	<u>1,336,868,351</u>
Creditors due within one year	6	<u>(30,541,718)</u>	<u>(39,342,280)</u>
		<u>(30,541,718)</u>	<u>(39,342,280)</u>
Creditors due after more than one year	7	<u>(1,152,452,928)</u>	<u>(1,297,094,390)</u>
		<u>434,105</u>	<u>431,681</u>
Net assets			
Capital and reserves			
Share capital	8	12,500	12,500
Profit and loss account		<u>421,605</u>	<u>419,181</u>
Total shareholders' funds		<u>434,105</u>	<u>431,681</u>

16.11.2021 | 18:08 GMT

Approved by the Board on and signed on its behalf by:

DocuSigned by:



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Hursh Shah

Director

The notes on pages 9 to 16 form an integral part of these interim financial statements.

Broadgate Financing PLC**Statement of Changes in Equity for the six months ended 30 September 2021**

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2020	12,500	414,058	426,558
Profit for the period	-	29,578	29,578
Total comprehensive income for the period	-	29,578	29,578
Balance at 30 September 2020	12,500	443,636	456,136
Balance at 1 April 2021	12,500	419,181	431,681
Profit for the period	-	2,424	2,424
Total comprehensive income for the period	-	2,424	2,424
Balance at 30 September 2021	12,500	421,605	434,105

The notes on pages 9 to 16 form an integral part of these interim financial statements.

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2021

1 General information

The company is a public company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

York House
45 Seymour Street
London
W1H 7LX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Accounting basis

The information for the period ended 30 September 2021 does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006.

A copy of the statutory financial statements for the year ended 31 March 2021 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

These interim financial statements were prepared in accordance with Financial Reporting Standard 104 Interim Financial Reporting ("FRS 104"). The same accounting policies, estimates, presentation and methods of computation are followed in the interim financial statements as applied in the latest annual audited financial statements, which are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Instances in which advantage of the FRS 101 disclosure exemptions have been taken are set out below.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Statement of Cash flows for the period;
- (b) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (c) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (d) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2021 (continued)

2 Accounting policies (continued)

(e) The requirements of IFRS 7 to disclose financial instruments; and

(f) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of Broadgate REIT Limited. The group financial statements of Broadgate REIT Limited are available to the public and can be obtained as set out in note 11.

Going concern

The Directors have reviewed the company's forecast working capital and cash flow requirements examining areas which could give rise to financial exposure, including considering the UK's vaccination led emergence from the Covid-19 pandemic. The company meets its ongoing financial obligations relating to servicing bond requirements primarily through amounts receivable from fellow group undertakings, who in turn derive rental income from the leasing of investment properties. Should there be any shortfall on the amounts received from fellow group undertakings, the company has access to the drawn term loan of £52m to meet certain of these financial obligations as they fall due. The Directors therefore have a reasonable expectation that the company has adequate resources to continue its operations for at least twelve months after the signing of these financial statements and as a result they continue to adopt the going concern basis in preparing the accounts.

Financial assets and liabilities

Trade debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. On initial recognition the company calculates the expected credit loss for debtors based on lifetime expected credit losses under the IFRS 9 simplified approach.

Loans and receivables classified as amortised cost are measured using the effective interest method, less any impairment. Interest is recognised by applying the effective interest rate.

Debt instruments are stated at their net proceeds on issue. Finance charges including premia payable on settlement or redemption and direct issue costs are spread over the period to redemption, using the effective interest method. Exceptional finance charges incurred due to early redemption (including premia) are recognised in the Income Statement when they occur.

Cash equivalents are limited to instruments with a maturity of less than three months.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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.

Premiums payable and receivable on early redemption are recognised as finance charges and income when incurred.

Broadgate Financing PLC**Notes to the Interim Financial Statements for the six months ended 30 September 2021 (continued)****2 Accounting policies (continued)****Taxation**

Current tax is based on taxable profit for the period and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit may differ 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).

3 Interest receivable and similar income

	Six months ended 30 September 2021 Unaudited £	Six months ended 30 September 2020 Unaudited £
Interest income on bank deposits	11,778	197,723
Interest receivable on amounts owed by related parties	53,840,815	30,460,836
	53,852,593	30,658,559

4 Interest payable and similar expenses

	Six months ended 30 September 2021 Unaudited £	Six months ended 30 September 2020 Unaudited £
Interest payable on bonds and borrowings	28,977,217	30,613,597
Premium costs on early repayment of bonds	24,871,760	-
Interest payable on amounts due to group companies	122	7,945
	53,849,099	30,621,542

Broadgate Financing PLC**Notes to the Interim Financial Statements for the six months ended 30 September 2021 (continued)****5 Debtors**

	30 September 2021 Unaudited £	31 March 2021 Audited £
Debtors due within one year		
Amounts due from related parties	14,196,102	20,458,721
Accrued income	12,957,401	13,922,365
Corporation tax asset	1,848	1,848
	<u>27,155,351</u>	<u>34,382,934</u>
	30 September 2021 Unaudited £	31 March 2021 Audited £
Debtors due after more than one year		
Amounts due from related parties - Long term loans	<u>1,100,372,878</u>	<u>1,204,907,390</u>
	<u>1,100,372,878</u>	<u>1,204,907,390</u>

The intercompany loans to Broadgate (Funding) 2005 Ltd are being repaid from April 2005 to July 2033, with the average interest rate of these intercompany loans being 4.93% per annum (31 March 2020: 4.93%). There is no interest charged on the remainder of amounts owed by related parties.

6 Creditors due within one year

	30 September 2021 Unaudited £	31 March 2021 Audited £
Accrued interest	13,002,406	14,006,824
Amounts due to related parties	14,610,101	14,740,349
Secured bonds	2,884,667	10,589,350
Other creditors	44,544	5,757
	<u>30,541,718</u>	<u>39,342,280</u>

Amounts due to related parties relate to amounts owed to group companies and are repayable on demand. There is no interest charged on these balances.

Broadgate Financing PLC**Notes to the Interim Financial Statements for the six months ended 30 September 2021 (continued)****7 Creditors due after more than one year**

	30 September 2021 Unaudited £	31 March 2021 Audited £
Borrowings		
Borrowings due 1 to 2 years	2,885,576	11,076,579
Borrowings due 2 to 5 years	107,238,365	113,050,137
Borrowings due after 5 years	1,042,328,987	1,172,967,674
	<u>1,152,452,928</u>	<u>1,297,094,390</u>

Amounts due after five years include the term loan of £52,080,000 (31 March 2021: £92,187,000) which represents a liquidity facility with NatWest Markets PLC. The cash received is held on deposit.

	30 September 2021 Unaudited £	31 March 2021 Audited £
Borrowings repayment analysis		
Borrowings due within one year	2,884,667	10,589,350
Borrowings due between one to two years	2,885,576	11,058,270
Borrowings due between two to five years	107,238,365	112,927,160
	113,008,608	134,574,780
Borrowings due after five years	1,042,328,987	1,172,967,674
Total borrowings	<u>1,155,337,595</u>	<u>1,307,542,454</u>
Gross debt	<u>1,155,337,595</u>	<u>1,307,542,454</u>

Broadgate Financing PLC**Notes to the Interim Financial Statements for the six months ended 30 September 2021 (continued)****7 Creditors due after more than one year (continued)****Secured bonds on the assets of the Broadgate Property Holdings Limited Group**

	30 September 2021 Unaudited £	31 March 2021 Audited £
Class A2 4.949% Bonds 2031	-	79,633,890
Class A3 4.851% Bonds 2033	143,900,050	175,000,000
Class A4 4.821% Bonds 2036	400,000,000	400,000,000
Class B 4.999% Bonds 2033	365,000,000	365,000,000
Class C2 5.098% Bonds 2035	194,216,810	195,650,000
Total secured bond borrowings	1,103,116,860	1,215,283,890
Term Loan	52,080,000	92,187,000
Total secured borrowings	1,155,196,860	1,307,470,890

At 30 September 2021, 100% (31 March 2021: 100%) of the bonds were fixed. The bonds amortise from 2005 and are expected to be repaid by 2033. Legal repayment is required by 2036. The term loan matures on the date when all the bonds have been redeemed in full. The bonds are secured on properties of the group valued at £3,382m (31 March 2021: £4,105m). The weighted average interest rate of the bonds is 4.93% (31 March 2021: 4.93%). The weighted average maturity of the bonds is 9.4 years (31 March 2021: 9.5 years).

On 30 June 2021, 100 Liverpool Street was released from the Broadgate securitisation alongside the redemption of £107m of bonds.

A notice was issued to Bondholders on 3 June 2021 for the redemption in full of the Class A2 4.949% Bonds, as well as a partial redemption of the Class A3 4.851% Bonds, totalling £107m principal amount of bonds and a premium of £24.9m (see note 4). These Bonds were redeemed on the Interest Payment Date falling on 5 July 2021.

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.

	30 September 2021 Unaudited £	31 March 2021 Audited £
Secured bonds at fair value	1,347,297,311	1,454,352,802

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.

Broadgate Financing PLC

Notes to the Interim Financial Statements for the six months ended 30 September 2021 (continued)

7 Creditors due after more than one year (continued)

The approach adopted has been to engage in debt financing with long term maturity dates and as such the bonds issued are due from 2005 and are expected to be repaid by 2033. Legal repayment is required by 2036. Including debt amortisation, 87% (31 March 2021: 89%) 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.

Details of bond covenants are outlined in the bonds publicly available Offering Circular.

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 2021 amounted to £56m (31 March 2021: £98m) and are placed with Financial institutions with A or better credit ratings. Management regularly reviews the credit rating of all bank counterparties. At 30 September 2021, prior to taking account of any offset arrangements, the largest combined credit exposure to a single counterparty arising from money market deposits was £53m (31 March 2021: £49m).

The company's principal credit risk relates to an intra-group loan to Broadgate (Funding) 2005 Limited. At 30 September 2021, this loan stood at £1,103m (31 March 2021: £1,215m). The purpose of this loan is to provide funding to fellow subsidiaries of the Broadgate Property Holdings Limited group.

In order to manage this risk, management regularly 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.

8 Share capital

Allotted, called up and fully paid shares

	No.	30 September 2021 Unaudited £	No.	31 March 2021 Audited £
Ordinary shares of £0.25 each	50,000	12,500	50,000	12,500

9 Capital commitments

The company had capital commitments contracted as at 30 September 2021 of £nil (31 March 2021: £nil).

10 Related party transactions

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of FRS 101.

Broadgate Financing PLC

**Notes to the Interim Financial Statements for the six months ended 30
September 2021 (continued)**

11 Parent and ultimate parent undertaking

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.

Bluebutton Properties UK Limited is the smallest and largest group for which group accounts are available and which include the company. The ultimate holding company and controlling party is Broadgate REIT Limited. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.