

BROADGATE

Our Approach to Tax

INTRODUCTION

Broadgate REIT Limited is a UK Real Estate Investment Trust. It operates as a joint venture between entities owned by GIC, Singapore sovereign wealth fund, and The British Land Company PLC.

The Government launched the Real Estate Investment Trust (REIT) regime in 2007 and the Broadgate joint venture became a REIT in 2015. The regime requires REIT groups to hold mainly investment properties and enables shareholders to replicate the tax treatment of owning the property directly, paying tax themselves on their share of rental income. Consequently, tax is not levied on Broadgate REIT entities on profits from their qualifying UK property rental business and this income must instead be distributed to shareholders. Tax is deducted from these mandatory REIT distributions and shareholders may pay additional tax themselves on amounts received.

Any income which does not fall within the REIT regime is fully subject to UK Corporation Tax. This includes interest income. As a business Broadgate REIT is responsible for payment and administration of a wide range of further taxes including Stamp Duties, VAT and Business Rates.

The board of Broadgate REIT is responsible for the Approach to Tax. The board meets quarterly to discuss joint venture matters including tax items.

OUR APPROACH TO RISK MANAGEMENT AND GOVERNANCE

Tax risk is an integral component of the wider operational risk framework. Significant tax matters are discussed between the joint venture partners on an ongoing basis.

The board of the joint venture is responsible for oversight of tax matters and any governance issues are discussed at board meetings. With the exception of stamp duty, day to day administration of all other taxes of Broadgate REIT is performed in their capacity as administrator by British Land whose tax team comprises experienced and qualified tax professionals who are subject to the rules on Professional Conduct in Relation to Tax, and of other taxes by the group's lawyers.

The principal tax risks for the Group are in relation to property transactions and compliance with the requirements of the REIT regime. An annual report is presented to the board regarding REIT regime compliance and each dividend is also reviewed for compliance with REIT mandatory distribution requirements. Additionally, reports are presented to the board quarterly in respect of property activity confirming the status of relevant tax requirements (VAT, CIS and SDLT).

Risk assessments have been completed and appropriate controls put in place in relation to the corporate offence of failure to prevent the criminal facilitation of tax evasion, contained in Part 3 of the Criminal Finance Act 2017.

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OUR ATTITUDE TO TAX PLANNING AND TAX RISK TOLERANCE

Broadgate REIT has a low tolerance for tax risk and uncertainty and it is critical that any tax position adopted could not compromise our REIT status.

The basis of our approach is to use appropriately experienced administrators and advisors to ensure that the tax outcome of business activity reflects the commercial and economic position and is compliant with both tax legislation and HMRC interpretation. Where the tax position is uncertain the approach adopted will follow the commercial position of the transaction and be in accordance with the relevant legislation and any HMRC guidance available, seeking external advice where appropriate.

OUR RELATIONSHIP WITH HMRC

We, via our administrator and advisors, work proactively and openly to maintain a constructive relationship with HMRC. Matters are discussed in real-time with HMRC and disclose all relevant facts and circumstances, particularly where there may be tax uncertainty or it is unclear how the law applies to the matters under consideration. Where appropriate the tax analysis of transactions will be shared with HMRC in advance and formal clearance of the anticipated outcome sought where there is significant uncertainty.

March 2019

This document satisfies the Group's requirement to publish its tax strategy for the year to 31 March 2019 under Schedule 19, Finance Act 2016