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L&G expands Private Markets platform with 75% stake in real estate investor Proprium to accelerate growth into new markets

- L&G enhances real estate capabilities with the strategic acquisition of Proprium Capital Partners ("Proprium"), a \$3.5bn AUM¹ global real estate private equity firm.
- Investment to accelerate L&G's strategic ambitions in key growth markets across Europe and APAC.
- As part of the acquisition, L&G will commit up to \$300mn of capital to support Proprium's future fund strategies.

L&G announces an agreement to acquire a 75% stake in the global real estate investor, Proprium, in a move which brings together the complementary capabilities of the two businesses, and accelerates L&G's private markets growth ambitions, broadening the real estate capabilities of the firm and unlocking new geographies.

L&G is one of Europe's largest asset managers and a leading real estate owner and manager in the UK², with a growing platform in the US. Asset Management is the cornerstone of L&G's growth strategy and building scale in private markets globally is key to those ambitions. With a target to grow its Private Markets platform to £85bn AUM by 2028, L&G is focused on maximising opportunities within real estate, infrastructure, private credit, and venture capital, while strategically expanding into new global markets.

Founded in 2013, Proprium is a spin-out of the Morgan Stanley Real Estate Special Situations team, which focuses on investing in real estate operating companies with scalable investment themes and experienced management teams. Proprium's strategy of platform investing³ seeks to deliver private equity returns in the real estate industry.

Proprium is active across residential, student accommodation, hospitality, and logistics sectors, with past investments including stakes in Motel One. Proprium's current investments include a&o hostels in Germany, Admiral Taverns in the UK, and Avid in Australia. In the last 18 months, Proprium has sold more than \$1.8 bn of assets; acquired \$1.6 bn of assets, including the recently announced public to private of AVJennings; and has distributed more than \$800mn to investors and secured over \$600 mn in equity commitments.

The US, continental Europe and select APAC markets represent key strategic growth areas for L&G's Private Markets platform. These regions offer diversification* for clients as well as expanding the investment opportunities in subsectors benefiting from structural trends such as demographic change and deglobalisation. For clients seeking capital growth in an environment of elevated interest rates and heightened structural risks, value-add strategies in these sectors – focused on active management and operational excellence – can sit in a compelling position within the risk-return spectrum.

¹As of 31 December 2024.

²IPE Real Assets Top 150 Real Estate Investment Managers data, December 2024.

³In private equity, platform investing involves a fund acquiring a company (the "platform company") with the intention of growing it by acquiring other businesses in the same industry ("add-ons").

* It should be noted that diversification is no guarantee against a loss in a declining market.

With c.60% of Proprium's portfolio in Europe and a market presence in APAC, L&G will benefit from its track record to accelerate its ambitions in these regions.

L&G's current real estate portfolio amounts to c.£22bn AUM, ranging from large scale regeneration projects, industrial property, and urban logistics to a diverse residential platform of affordable housing, build to rent, and student accommodation. In October last year, L&G announced its equity stake in US based real estate investor Taurus, targeting high growth real estate sectors in the US and deepening L&G's Private Market capabilities in the region.

As part of the acquisition, Proprium's management team will continue to operate independently from an operational, day-to-day perspective, maintaining its current leadership structure, teams and investment process, all of which will be enhanced by working as part of the wider L&G Private Markets platform.

Eric Adler, CEO, Asset Management, L&G: "Recognising that international scale in private markets is key to delivering against L&G's growth strategy, this strategic investment in Proprium will expand our geographical footprint, deepen our capabilities, broaden our investment strategies, and diversify our product offering. Through this acquisition, we are bringing clients a differentiated and diversified opportunity to access value creation in real estate sectors positioned for growth and scalability."

Bill Hughes, Global Head of Private Markets, L&G: "In the last 12 months we have significantly accelerated the growth of our Private Markets platform, laying the foundations for achieving our ambitious target of £85bn by 2028. This growth trajectory is fuelled by our commitment to deliver exceptional investment outcomes that attract third party capital, and today's announcement further demonstrates our strategic direction and plans in action."

"The partnership with Proprium will strengthen L&G's investment capabilities and broaden our product offering, allowing us to bring a select range of strategies that aim to deliver the higher returns that many global investors are seeking. Benefitting from Proprium's expertise and entrepreneurial approach, combined with L&G's scale and balance sheet capital to catalyse opportunities, we believe the partnership will unlock substantial growth in new markets and drive significant value for our clients."

Tim Morris and Philipp Westermann, Co-Managing Partners of Proprium Capital Partners: "Today's announcement is testament to the strength of Proprium's track record in delivering strong, risk-adjusted returns for investors."

"On behalf of the Proprium team, we are incredibly excited about the partnership with L&G, their financial backing and growth ambitions. Their investment opens new doors to international markets as L&G builds out its global real estate business, representing a significant milestone in the evolution of our platform at a time of immense opportunity."

This transaction is expected to close by Q4 2025, subject to regulatory and anti-trust approvals.

-ENDS-

Notes to editors

About L&G

Established in 1836, L&G is one of the UK's leading financial services groups and a major global investor, with £1.1 trillion in total assets under management (as at FY24) of which c. 44% (c. £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading player in Institutional Retirement, in Retail Savings and Protection, and in Asset Management through both public and private markets. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

About our Asset Management business

L&G's Asset Management business is a major global investor across public and private markets, with £1.118 trillion in AUM.* Our clients include individual savers, pension scheme members and global institutions. We provide investment solutions from index-tracking and active funds to liquidity and liability-based risk management strategies.

Our investment philosophy and processes are focused on creating value over the long term. We believe that incorporating financially material sustainability criteria, when relevant to our clients, can create value and drive positive change. This reflects L&G's purpose: 'Investing for the long term. Our futures depend on it.'

*Source: L&G internal data as at 31 December 2024. The AUM disclosed aggregates the assets managed by L&G in the UK, US, and Hong Kong (2018-2019 only) and Singapore from July 2023. Excludes assets managed by associates (Pemberton, NTR, BTR).

About Proprium Capital Partners

A spin out of the Morgan Stanley Real Estate Special Situations team, the Proprium principals have been investing in real estate operating companies since 1998, focusing on scalable themes with experienced local partners and platforms. Proprium's strategy of platform investing seeks to deliver private equity returns in the real estate industry. Proprium manages funds on behalf of institutional investors across the globe, including government and private sector pension and retirement funds, banks, family offices and sovereign wealth funds. Today, Proprium has grown to \$3.5 bn⁴ of net assets under management with a global platform of six offices across the US, Europe, and Asia Pacific.

Further information can be found at www.proprium.com

⁴As of 31 December 2024.

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