

Legal & General Capital secures first US science and technology real estate projects

The sites in Atlanta, Georgia and Providence, Rhode Island will deliver over 300,000 sq. ft. of lab, science and technology space, acting as a major catalyst for innovation growth

As part of its business plan to internationalise, Legal & General Capital (LGC) has secured its first US science and technology projects through its newly formed joint venture, Ancora L&G.

Earlier this year, LGC formed Ancora L&G with US based real estate developer, Ancora, to create a real estate platform dedicated to driving science and technology growth across the US. Through an initial seed capital investment of \$500 million from LGC, Ancora L&G will be capitalised to deliver \$4 billion of existing US pipeline and planned acquisition and development activity over the next five years. Legal & General Group currently manages over \$1.8 trillion of assets globally and is increasing its presence in the US for both equity and debt vehicles. The new venture builds on the successful track record of Ancora's team and the investing record of LGC in the UK, including over \$5 billion currently committed to science and technology development projects at Oxford and Manchester universities.

Marking the first acquisition for the new partnership, Ancora L&G has, acquired 387 Technology Circle NW, a 128,000 sq ft Class A life science/lab building in the Science Square Innovation District adjacent to Georgia Institute of Technology's (GeorgiaTech) campus in Atlanta, Georgia. The project meets its ambition to invest in and build a premium portfolio of science and technology assets in emerging US markets, in partnership with high quality anchor institutions. Atlanta is a top 25 US life science cluster market with strong forecast growth over the next 10 years. Georgia Tech's capabilities in research and commercialisation; the emerging life sciences/tech industry in Atlanta; and its economic dynamism, make for strong demand indicators at site. The asset is currently fully let and occupied by four tenants: Georgia Tech, CardioMEMS, Kemira Chemicals, and VERO Biotech. The opportunity to acquire the asset was secured through a competitive process run by Eastdil Secured.

The US is the world's largest real estate market at c.\$9 trillion in value. However, the lab real estate market in particular comprises only 166 million sq ft - one of the smallest sectors among other commercial asset classes. This lack of scale creates high barriers to entry for investors and it has been particularly challenging for tenants to grow due to scarcity of supply. Legal & General's ability to access this opportunity via Ancora sets it apart from other sources of institutional capital seeking to participate in the market.

LGC has a strong track record of establishing and scaling up innovative businesses and has led the way in driving science and technology growth through its Bruntwood SciTech partnership, the UK's leading developer of innovation districts. Bruntwood SciTech has quickly expanded over 11 UK locations, a model LGC will look to replicate across the US in partnership with Ancora.

In line with this ambition, Ancora L&G has recently been selected as the preferred developer of a public health laboratory in Providence. An 80,000 sq ft state-of-the-art laboratory, funded by the U.S. Centers for Disease Control, will anchor the project and Brown University has also signed a letter of intent to lease 20,000 sq ft of private laboratory space.

To support future growth of Ancora L&G, LGC is seeking third party co-investment partners to grow the business at scale. As with a number of LGC investments, LGC aims to finance longer term cashflows by using them to back its annuity business, providing better value for policyholders and greater financing for investors.

Wes Erlam, Managing Director of Urban Regeneration, Legal & General Capital said: “As LGC drives forward its ambition to internationalise, it is a testament to the business’s investment appetite and the quality of our teams that we have secured our first projects just months after forming the new Ancora L&G joint venture. The development in Georgia is an exemplar of the types of projects we will look to invest in, located in areas of significant growth potential with high quality anchor institutions as key stakeholders in each project. They build significant momentum for future growth of the Ancora L&G partnership, while laying the groundwork for LGC’s wider US expansion.

Josh Parker, CEO Ancora L&G, said: “These new projects are a significant start to our partnership with Legal & General. With the addition of new lab space and our backing by established anchor institutions, we are pleased that our partnership is already delivering real results for both our US clients and UK investors. With the appetite for more investment and building of new sites, we look forward to a positive momentum as we move forward with our growth plans.

Notes to editors

About Legal & General Capital

Legal & General Capital (LGC) is Legal & General Group’s alternative asset platform, creating assets for Legal & General Retirement and third-party clients in order to achieve improved risk-adjusted returns for our shareholders. LGC has built its market leading capabilities in a range of alternative assets, delivering depth of resource, track record and intellectual property. Investing in the real economy and creating alternative assets that deliver a tangible societal impact, its purpose is to invest society’s capital for society’s benefit. L&G has invested around £30 billion (\$37 billion) in levelling-up regional UK economies and has strong track record in investing in technology and life sciences. LGC’s investments include: residential property; specialist commercial real estate; clean energy; alternative credit; and venture capital. As LGC’s capability to create alternative assets continues to grow, it will not only continue to grow its balance sheet of alternative assets but also create alternative assets for third party investors.

About Legal & General Group

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the U.S., Europe, Middle East and Asia. With over £1.4 trillion (about \$1.8 trillion) in total assets under management, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.

About Ancora

Founded in 2019 by Josh Parker with co-founders John Philipchuck and Jeff Kingsbury, Ancora is a privately owned real estate firm based in Durham, North Carolina with team members in Baltimore, Boston, Chicago, Indianapolis, New York, and Washington, DC. The firm acquires and develops real estate to serve high-growth science, technology, and innovation tenants in partnership with and proximate to leading U.S. anchor institutions. Core to Ancora’s program-first approach is to undertake development activity in direct partnership with anchor institutions such as universities, academic medical centers, government, and research institutes with whom they have strong and long-lasting relationships.

Further information

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