

Legal & General completes leasing of its first entirely Capsule building at 390 Strand

Legal & General Investment Management Real Assets (LGIM Real Assets) announces the final letting at 390 Strand, its 6,450 sq ft Capsule office building near Covent Garden in central London. Capsule is Legal & General's ready to go workplace offer.

The building is one of 19 properties in LGIM Real Assets' Sustainable DC Property Fund which places responsible investing at its core to meet the growing demand for protecting and enhancing real estate assets against the effects of climate change and in turn creates long-term value and performance. The Fund's ambitious environmental, social and governance (ESG) aims include targeting net-zero operational carbon in the direct property portfolio by 2030, improving social impact and screening tenants based on ESG exclusion criteria.

Capsule has now leased over 1,300 desks in 44 deals since its launch in 2018, creating over £16 million of added value for investors. Capsule provides high quality, furnished and work-ready office space, offering a range of options to suit different occupier needs, moving away from the traditional Category-A fit out and longer lease length to fully fitted space let on a more flexible basis.

Lettings at the six-storey building range from 1,000 to 1,400 sq ft on five-year leases. Tenants include Viewforth Investment Partners, Quint Events, Sutton Architects, Harris Systems and Ludlow Group, with Holland & Barrett leasing the ground floor. Each floor accommodates from eight to 20 workstations and has its own reception, waiting area, meeting rooms, toilet facilities, kitchenette, fibre connection and break out space.

The property was substantially refurbished in 2020 with a redesign of the entrance and interior as well as a renovation of the front façade. Measures taken to enhance the ESG credentials of the building include the installation of a VRF combined heating and cooling system and a heat recovery ventilation system, LED lighting, water saving measures including leak detection and meters installed to each floor to enable occupiers to monitor their own lighting, electricity, and air conditioning usage.

A live air monitoring system measures the indoor air quality helping promote optimal health, comfort, and productivity. The building's air quality was awarded a platinum AirScore by AirRated. The improvements have propelled the building's EPC rating to B and a BREEAM in-use certification of excellent is being targeted.

Will Edwards, Head of Emerging Strategies for LGIM Real Assets, said:

"The recent lettings at this high-quality space shows how by working together as a team to combine our innovative office leasing strategies and ESG experience has created long-term value and performance, benefiting both occupier demand and our investors, as well as reducing risk."

Andrew Mercer, Office Sector Lead for LGIM Real Assets, added: "Capsule takes the best qualities from Cat A office space and the flexibility of co-working, to provide companies with their own front door and ready-to-go offices tailored to their specific needs.

"We are pleased that despite the levels of competition in Covent Garden, these businesses have chosen a direct product from a trusted landlord. The building's ESG credentials, high quality fit out, location and indoor environmental quality monitoring make it an easy choice for businesses scaling their own brand that truly value the wellbeing of their employees."

Capsule reacts to an evolving managed market and complements Legal & General's wider offer of developing and managing office assets. Other [Capsule locations](#) are available nearby at 43 Eagle Street, 55 Strand and Burleigh House, Strand.

Notes to editors

About LGIM Real Assets

LGIM is one of Europe's largest institutional asset managers and a major global investor. LGIM manages £1.4 trillion in assets*, working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

LGIM Real Assets has assets under management of £39 billion* and is one of the largest private markets investment managers in the UK. Investing in both debt and equity and across the risk/return spectrum, LGIM Real Assets actively invests in and manages assets across commercial, operational, and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt.

Taking a long-term view to future proof our investments, LGIM Real Assets continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level.

* at 31 December 2021

About the Sustainable DC Property Fund

LGIM Real Assets launched the Sustainable DC Property Fund on 1st October 2021 in response to a growing demand from DC schemes to access real assets and to incorporate more ambitious environmental, social and governance (ESG) targets.

This reshaped an existing c. £240m property fund (previously the LGIM LGAS Property Fund series), so that alongside its investment objective it has explicit ESG objectives, including targeting net zero operational carbon in the direct property portfolio by 2030. In addition, to provide increased diversification and liquidity for its DC only client base, it introduced a holding (target range 30%) in the Global Real Estate Investment Trust (GREIT) Index.

As part of the Fund's efforts towards advancing the low-carbon transition, the Fund explicitly targets the following areas:

- net-zero operational carbon in the direct property portfolio by 2030
- measuring social value and improvement of social impact across all assets in the portfolio
- screening tenants based on ESG exclusion criteria.

In addition, the Fund also:

- sets and discloses portfolio targets for energy consumption and carbon emissions
- all on-site gas / other fossil fuels will be removed from existing buildings by 2030
- all single-let industrial properties have a BREEAM in-use certification
- all office buildings have air quality certified by AirRated
- all landlord energy purchased from the Grid is backed by Renewable Energy Generation certificates.

Further information

Name: LGIM PR Team

Email: lgimprteam@lgim.com