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LEGAL & GENERAL ACQUIRES BTR TOWER ON BEHALF OF TWO FLAGSHIP FUNDS

Legal & General (LGIM Real Assets) announces that it has exchanged contracts on a new Build to Rent (BTR) tower “North Tower” in Deansgate Square, Manchester. The acquisition, which is in line with LGIM Real Assets’ strategy to strengthen its exposure to alternative and operational sectors, has been made on behalf of its two largest balanced funds, the UK Property Fund and the Managed Fund, in a 50:50 ownership structure.

The deal represents the Managed Fund’s first BTR acquisition as part of a sustained push into alternative sectors. Previous investments include the purchase of hotels, healthcare facilities and student accommodation. The Managed Fund, launched in 1971, has grown by £2bn in the last six years to a current value of £3.4bn.

For the UK Property Fund, this acquisition represents a further strengthening of its exposure to operational assets, including the recent acquisition of a 189-flat BTR site in Chelmsford and 14,000 sq ft. of lettable self-storage space across three sites. Since its launch in 2006, the UK Property Fund has grown from £100m to around £3bn today, with its success underpinned by a blended and high quality portfolio of assets.

Designed by world renowned architects SimpsonHaugh, North Tower sits at the heart of the Deansgate Square development, a cluster of four elegant residential towers surrounded by carefully curated amenity, commercial and public realm spaces. North Tower provides 276 luxury apartments of one-, two- and three-bedrooms, across 37 storeys. Residents will benefit from exclusive access to an unrivalled amenity building which includes a two-storey gym, 20m swimming pool, sauna, steam room, fitness studios and a full size indoor sports hall.

The building was purchased from the developer, Renaker; one of the UK’s leading property developers with a proven track record in design, build and delivery. CBRE advised on the transaction.

Manchester is widely regarded as a ‘beta’ global city, being one of the most economically influential places in the UK outside of London. The city continues to see sustained investor interest, a result of both of its forecasted 14% population growth over the next 20 years – equating to an additional 76,000 people – and its diverse employment profile.

LGIM Real Assets has a strong track record in the BTR sector, which continues to form an integral part of its wider platform. Across the business, it now has 16 UK-wide sites in operation and development. North Tower represents Legal & General’s second BTR acquisition in Deansgate Square with the adjacent West Tower purchased by its BTR Fund in April 2019. West Tower is currently around 72% let, exceeding the leasing velocity expected for the acquisition.

Michael Barrie, Director of Real Estate Fund Management at LGIM Real Assets, said: “This acquisition represents the coming together of two of LGIM Real Assets’ largest funds as we continue to diversify our exposure to



alternative sectors. Alongside hotels, self-storage and student accommodation, BTR will continue to be a preferred subsector, giving us real-time access to occupational markets with a robust growth in rental income.

Tom Sinclair, Residential Investment Director at CBRE, said: “CBRE is delighted to have advised Legal & General on the acquisition of the North Tower at Deansgate Square. The North Tower marks CBRE’s second transaction with L&G at Deansgate Square and demonstrates continued confidence in Manchester’s residential market following the strong occupier demand experienced at the West Tower. On completion, the North Tower will provide exceptional residential accommodation, providing more renters with the opportunity to experience life at this desirable residential address.”

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Notes to editors

Legal & General Investment Management – Real Assets

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe’s largest institutional asset managers and a major global investor. LGIM manages £1.1tn in assets (as at 30 June 2019), working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM Real Assets, headed up by Bill Hughes, has AUM of £33.4bn (as 30 June 2019) 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, the platform actively invests in and manages assets across commercial, operational and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt. By bringing these capabilities together under one platform, the business is able to offer its clients enhanced outcome-focused strategies and diversification benefits, with deep sector understanding across a broader investment universe. Taking a long term view in order to future proof its investments, the business continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level.

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 US, Europe, Middle East and Asia. With over £1.1 trillion in total assets under management at 30 June 2019, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pensions de-risking, life insurance, workplace pensions and retirement income. We have also

invested over £22 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.