



Press release

Title Landsec progresses growth strategy with investment in MediaCity
From Landsec
Date 3 November 2021

Landsec progresses growth strategy with investment in MediaCity

- Landsec acquires 75% interest in MediaCity, Europe's leading, digital, media and tech hub, for £425.6m
 - Second phase has outline planning consent for an additional 1.6m sq ft including office and residential, with an estimated Gross Development Value of £750m
 - Demonstrates further progress with Landsec's 'grow through urban opportunities' strategic pillar
 - Significant investment into Greater Manchester alongside best-in-class regional partner
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Landsec today announces that it has acquired a majority stake in MediaCity, the 37 acre media, digital and tech hub in Salford, Greater Manchester previously owned by a 50:50 JV between Legal & General and Peel L&P. Landsec will partner with Peel L&P who will retain a 25% stake and continue to serve as asset and development manager.

MediaCity has a gross asset value of £567.5m. Landsec will pay a net purchase price of £425.6m for the 75% interest. The transaction includes £293.6m of debt (£220.2m on a proportionate basis), reducing Landsec's equity investment to £207.6m which is satisfied in cash drawn from existing facilities. Landsec will also have an obligation to pay a further amount capped at £15m linked to building remediation works which will be completed post-transaction.

The waterside destination is home to some of the world's most exciting creative, tech and media brands, from BBC North and ITV to Ericsson, The Hut Group, Kellogg's and over 250 creative and tech businesses as well as schools and universities. The biggest tech and media hub outside London, MediaCity produces 50,000 hours of content every year, and is home to 8,000 residents and workers.

Phase one was completed 10 years ago and comprises 1.48m sq ft across 11 buildings including work space, studios, incubator labs, residential as well as ancillary leisure and retail. It is 96% let with a WAULT of just under 10 years. It generates £31.1m of net operating income per annum (100%), reflecting a 5.8% net initial yield. Over half of the income has rent reviews linked to RPI, with collars and caps guaranteeing future rental uplifts.

Phase two has already seen the completion of two residential towers – 'The Green Rooms' and 'The Lightbox' as well as the award-winning mixed-use commercial space, the 'Tomorrow building'. This second phase has outline planning consent for an additional 1.6m sq ft including office and residential, with an estimated Gross Development Value (GDV) of £750m, bringing the total space for phase two to 2.3m sq ft.



Mark Allan, Landsec CEO said: *“Mixed-use developments with a clear sense of place are becoming an increasingly important ingredient in the fabric of cities. Opportunities to participate in large scale, established mixed-use developments are scarce and MediaCity is one such opportunity.”*

“This acquisition presents us with the opportunity to deploy capital immediately into high quality income producing assets and also to invest further over time through the development of phase two. MediaCity is a compelling addition to our portfolio, providing the opportunity to invest and further develop the estate with the potential to be onsite from the first half of 2023. I’m particularly excited to be able to work alongside Peel, whose experience and expertise complements our own.”

The acquisition demonstrates further progress with Landsec’s ‘grow through urban opportunities’ strategic pillar, which is focused on providing long-term income generation and development optionality through mixed-use schemes in London and other major UK cities.

The MediaCity purchase also underscores Landsec’s strategic approach to investing in regional cities where it believes it can acquire significant scale. Greater Manchester is well placed to support Landsec’s strategy – it is the UK’s largest regional economy, the largest regional office market, in terms of stock, take-up and transactional liquidity, and is at the forefront of the emerging institutional build to rent market.

Steven Underwood, Peel L&P CEO said: *“In the past 10 years we have created a unique destination, currently unrivalled in the UK for its breadth of offering, from global content creation and innovation, to waterside living and leisure. Our successful partnership with L&G over the past six years has made possible great strides in MediaCity’s phase two delivery, seeing over 60,000 sq ft of commercial space, a 110 room hotel and 750 apartments added to MediaCity over that period.”*

“Our new partnership with Landsec is another exciting step towards our stated vision to double the size of MediaCity. As MediaCity enters its 11th year we look forward to working alongside Landsec whose ethos and vision are aligned with ours, to deliver MediaCity’s global potential benefitting all MediaCity’s local, regional and national stakeholders.”

Wes Erlam, Director of Urban Regeneration, L&G: *“Complementing our significant wider regeneration of Salford, MediaCity is a successful example of our dynamic approach to recycling profits as we continue to put our capital to work, investing in new projects which are reviving town and city centres across the UK.”*

“Working in close partnership with Peel, and leveraging our combined deep sector expertise, since our investment in 2015 we have together added over 600,000 sq ft of built accommodation and are in a position today where MediaCity has welcomed over 2,500 residents and 8,000 workers to this landmark media and tech hub. And in Greater Manchester as a whole, we have invested over £400 million into new homes, life sciences and media and technology. As MediaCity now reaches its next stage of maturity, this sale enables us to release growth capital for deployment into new opportunities, as we continue to identify early stage projects and ventures where we can create significant value.”

The world’s first BREEAM sustainable community, MediaCity is managed by Peel Media, part of Peel L&P, and owned in a 50:50 joint venture with Legal & General. The acquisition sees Landsec purchase L&G’s share plus 50% of Peel’s share, totaling 75% of the joint venture.



About Landsec

At Landsec, we build and invest in buildings, spaces and partnerships to create sustainable places, connect communities and realise potential. We are one of the largest real estate companies in Europe, with a £10.8 billion portfolio of retail, leisure, workspace and residential hubs. Landsec is shaping a better future by leading our industry on environmental and social sustainability while delivering value for our shareholders, great experiences for our guests and positive change for our communities.

Find out more at landsec.com

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About Peel L&P - Realising Possibility

We are an ambitious regeneration business with generations of history, heritage and expertise in our DNA. First established in 1972, Peel L&P is now responsible for some of the most transformational development projects in the UK today.

Owning and managing 12 million sq ft of property and 20,000 acres of land and water, our holdings are concentrated in the north west of England but we also own and manage significant assets throughout the UK with a total portfolio value of £2.4 billion. Peel L&P is an agile and ambitious business with a legacy of success for a long-term, sustainable future.

We see possibility. We deliver transformation.

For more information visit: www.peellandp.co.uk or follow us on Twitter @PeelLandP

About MediaCity

MediaCity is a waterside community that's part of Salford Quays in Salford, Greater Manchester. It's home to some of the world's most exciting creative, tech and media brands, from BBC North and ITV to Ericsson, The Hut Group, Kellogg's and over 250 creative and tech businesses. Three education establishments are based there, including the University of Salford's dedicated MediaCity campus, while at its heart is HOST, the Home of Skills & Technology, which supports innovators in data, analytics, cybersecurity, AI, gaming and immersive technologies. Alongside a growing roster of local, independent food, drink and retail operators is a dedicated shopping centre, parks and public spaces, and one of the UK's most visited arts centres, The Lowry. Sustainability and climate resilience is core to MediaCity's future: home to the UK's largest cluster of net zero carbon buildings, it has two dedicated Metrolink tram stops and is currently developing a 10-year biodiversity plan. It is also a popular residential neighbourhood, with MediaCity as a whole set to double in size within the next decade.

For more information visit: <https://www.mediacityuk.co.uk/>