

Press Release

16 October 2017



LEGAL & GENERAL AND RIGHTACRES ANNOUNCE THE SALE OF TWO CENTRAL SQUARE IN CARDIFF

Legal & General Capital (“Legal & General”) announces that it has agreed the sale of Two Central Square, a Grade A office development in the centre of Cardiff to Credit Suisse Asset Management (“Credit Suisse”), for £56.5m, reflecting a net initial yield of 6.25%. The property is currently being developed by Rightacres. Legal & General will use the proceeds from the sale to reinvest into other similar real asset backed economic growth opportunities and remains committed to the regeneration of Cardiff city, continuing to fund the construction of this pivotal urban regeneration project through to completion of the build phase.

Two Central Square is due to reach practical completion in September 2018, at which point Credit Suisse will complete the transaction. The site is located in a prominent position at the heart of the Central Square regeneration project, which sits directly in front of Cardiff’s main transport hub, Cardiff Central Station. The property has been designed by world-leading Foster & Partners and will comprise 148,000 sq ft of high specification Grade A offices which is targeting a BREEAM Excellent rating. The asset is fully pre-let to Cardiff University and Cardiff based law firm Hugh James.

Laura Mason, Director of Direct Investments, Legal & General Capital, said: “The transformation of Cardiff Central has been phenomenal and Legal & General’s continued funding commitment alongside the development expertise of our partner Rightacres will see the project evolve at an extremely impressive rate. Central Square is one of the UK’s most impressive and transformational regeneration schemes, and is already delivering major social and economic benefits as well as being a great match for Legal & General’s patient capital. We made a £15bn commitment to investing in UK infrastructure and have already invested over £12bn to date. As part of this, we remain committed to helping to rebuild the UK’s major regional centres and will continue to seek further significant investment opportunities in future-looking cities such as Cardiff.”

Paul McCarthy, Rightacres Chief Exec said: “Getting a global player like Credit Suisse to invest at this level in Wales is great recognition of the Central Square development and Cardiff as a prime real estate location. The development momentum continues to build and the level of interest from both occupiers and investors continues to grow.”

Gareth Lloyd, Partner at Knight Frank, who acted for Credit Suisse, commented: “The acquisition of Two Central Square by Credit Suisse is further evidence that Cardiff is now one of the most sought after destinations the regions for both domestic and overseas investors. Given the strength of the office market dynamics and the ongoing infrastructure improvements in Cardiff we expect this trend to continue.”

Central Square is being developed by Cardiff based developer Rightacres and funded by Legal & General. Wales' largest regeneration project, it is set to create over 10,000 local jobs and facilitate significant economic growth. Construction commenced in 2014, with the start of phase one of the Masterplan, and One Central Square was completed in March 2016. Developed speculatively it reached full occupancy within months of achieving practical completion, demonstrating demand for high-quality office space in the area. Works are progressing well on phases two and three, which will include a new £120 million headquarters for BBC Cymru Wales, offering a range of new local dining options and amenities for the influx of employees working in the area. Work is also set to commence imminently on the development of the 265,000 sq ft plot 6, which has been fully pre-let to the Government Property Unit.

- Ends -

For further information, please contact:

Olivia Bayliss

Head of Communications, Legal & General Capital and LGIM Real Assets

020 3124 2777

Faye Walters

PR Manager, Legal & General Capital and LGIM Real Assets

020 3124 2823

Notes to editors:

Legal & General Capital

Legal & General Capital (LGC) is the early-stage investment arm of Legal & General Group. Investing from Legal & General's principal balance sheet, LGC's purpose is to generate long-term shareholder value by injecting new capital into key sectors where there has been a shortage of investment and innovation. Focused on Housing, Infrastructure (Urban regeneration and Clean Energy) and SME Finance, these key sectors reflect our aim to invest for the long term in economically and socially useful assets, to secure competitive returns and to create new asset classes for Legal & General's varied investment requirements, for our partners and for the wider marketplace.