



## Press release

**Title** Landsec and Lendlease exchange contracts on 21 Moorfields for £809m

**From** Landsec

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### **Landsec and Lendlease exchange contracts on 21 Moorfields for £809m**

Landsec announces that it has exchanged contracts for the sale of 21 Moorfields, EC2 to an investment vehicle managed by global real estate and investments group, Lendlease (ASX:LLC). The total consideration for the sale amounts to £809m, which, after outstanding development-related items results in a net cash receipt to Landsec of £733m. Rothesay is providing financing for the acquisition with a 10 year senior term loan.

21 Moorfields is a premium 568,500 sq ft London office development fully pre-let to Deutsche Bank AG (DB) on a 25 year lease, with an annualised net rent of £38m. Built directly above Moorgate station, the asset is targeting sustainability ratings of BREEAM Excellent and LEED v3 Gold.

Landsec will retain the responsibility for completing the development, with practical completion expected in Q1 2023. Lendlease will manage the investment vehicle, on behalf of its investment partners including Australia's TCorp and its own minority interest.

The total consideration of the disposal represents an effective 9% discount to the March 2022 value, yet crystallises an anticipated development profit of £145m, representing 25% profit on cost. The sale is in line with Landsec's strategy to recycle capital out of mature London offices and reduces the company's loan to value from 34% to 30% based on a pro-forma March 2022 balance sheet, further strengthening its strong financial base. Following its strategic review in late 2020, Landsec has now sold £1.8bn of London offices at an average yield of 4.35%.

Completion of the transaction is expected to take place in the coming week and the net proceeds of the disposal will initially be used to pay down debt. Landsec's low financial leverage post the sale of this profitable development provides the company with significant flexibility to invest in future opportunities with a higher forward return. The company maintains its guidance on earnings growth provided in the full year results statement in May.

**Marcus Geddes, Managing Director, Central London at Landsec said:** "21 Moorfields is a fantastic example of Landsec's development expertise in delivering a high-quality project at one of the most complex construction sites in London. We are particularly proud to have achieved a number of engineering firsts associated with the development of such a significant building which sits directly above both Moorgate Underground Station and the new Crossrail line to Liverpool Street.



"These achievements, combined with the securing of a 25-year pre-let agreement with Deutsche Bank, has culminated in substantial grade A office space with long-term income, the value from which we can now unlock in order to recycle capital into new opportunities, in line with our growth strategy."

**Neil Martin, Chief Executive Office, Europe, Lendlease said:** "The scale of this joint investment in the City of London reflects the global appetite for premium and sustainable office assets in the world's key gateway cities. In addition to our close partnerships with international capital, Lendlease also brings our global expertise in funds and asset management to this deal at 21 Moorfields.

"This significant acquisition adds size and weight to our European investments platform and contributes to our global funds under management target of AU\$70 billion by FY26. In addition to converting our AU\$117 billion development pipeline, our team will continue to scope on-market opportunities across Europe as we seek to add further scale to our investments platform in the region."

**Stewart Brentnall, Chief Investment Officer at TCorp (NSW Treasury Corporation) said:** "TCorp has been actively pursuing direct property investment opportunities across Europe and is pleased to expand its relationship with Lendlease by partnering in the landmark 21 Moorfields opportunity. This strategic initiative contributes return, diversity and sustainability to our global real estate exposures. This is TCorp's first direct investment into the London Office market and our second UK transaction after acquiring a large scale, high quality logistics asset earlier this year."

Harish Haridas, Head of Commercial Real Estate Debt at Rothesay, said: "We are delighted to support the acquisition of this unique new addition to the City of London's premium office stock. These types of high quality, secured commercial real estate loans are attractive to us and play an important part in our investment portfolio, providing long-term security for the pensions we protect."

**Ends**



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### **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 £12 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](http://landsec.com)

### **About Lendlease**

Lendlease is a globally integrated real estate and investments group with core expertise in shaping cities and creating strong and connected communities. Founded in 1958, we're listed on the ASX and operate across Australia, Europe, Asia and the Americas.

We manage funds and assets for some of the world's largest real estate investors. We also have a strong track record in creating award winning urban precincts where communities thrive, and delivering essential civic and social infrastructure.

Learn more at [www.lendlease.com/europe](http://www.lendlease.com/europe)

### **About TCorp**

TCorp is the financial services partner to the NSW public sector, providing best-in-class investment management, financial management solutions and advice. With \$100.7bn of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of \$124.3bn.

### **About Rothesay**

Rothesay is the UK's largest pensions insurance specialist, purpose-built to protect pension schemes and their members' pensions. With over £50 billion of assets under management, we secure the pensions of more than 810,000 people and pay out, on average, approximately £200 million in pension payments each month.

Rothesay is dedicated to providing excellence in customer service alongside prudent underwriting, a conservative investment strategy and the careful management of risk. We are trusted by the pension schemes of some of the UK's best known companies to provide pension solutions, including Asda, British Airways, Cadbury's, the Civil Aviation Authority, National Grid, the Post Office and telent.

Rothesay has two substantial institutional shareholders, GIC and Massachusetts Mutual Life Insurance Company ("MassMutual"), who provide the company with long-term support for its growth and



development. In September 2020, our shareholders increased their investment in Rothesay through a transaction which valued the business at £5.75bn at that time.

Rothesay refers to Rothesay Limited and its subsidiaries and is the trading name for Rothesay Life Plc, an insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number: 466067. Rothesay Life Plc is registered in England and Wales with company registration number: 06127279 and registered address: Rothesay Life Plc, The Post Building, 100 Museum Street, London WC1A 1PB. Further information is available at [www.rothesay.com](http://www.rothesay.com)

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