

Press Release

10 August 2015

**L&G COMMITS £162M TO LEEDS REGENERATION PROJECT*****- FIRST RIO DEAL IN PARTNERSHIP WITH SCARBOROUGH GROUP******SET TO DELIVER 7,000 HOMES AND 13,000 JOBS -***

Legal & General Capital (LGC), working in partnership with Legal & General Property (LGP), announces that it has acquired a 50% stake in Thorpe Park Leeds, a 200 acre mixed-use business development site in East Leeds, entering into a Joint Venture (JV) with Scarborough Group International (Scarborough Group). The joint venture will deliver phase two of Thorpe Park Leeds which has consent for a 1.35m sq ft mixed-use scheme. Thorpe Park Leeds is set to create a further 13,000 local jobs while potentially unlocking the construction of 7,000 new homes in the East Leeds area through the construction of the first section of the East Leeds Orbital Road, a key piece of road infrastructure.

The deal represents the first project to be delivered since the start of L&G's Regeneration Investment Organisation (RIO) partnership launched at 10 Downing Street in January. Bringing with it an extensive network of international investor contacts and deep property expertise, L&G committed to co-invest £1.5bn into RIO pipeline projects alongside capital from other institutions and major overseas investors and is working with the government's inward investment body, UKTI, to attract an additional £15bn of investment into critical regeneration projects that support UK growth.

LGC has purchased a 50% stake in Thorpe Park and committed to provide the finance required to develop it over a phased five year period. Scarborough Group, a specialist real estate investor and developer, has been involved with Thorpe Park Leeds for more than 20 years, having successfully built and sold the first phase of the scheme, and will act as development manager to the project. This year Scarborough Group received planning consent for the first 60,000 sq ft of offices and consent for 300 new homes on the site. The LGC investment will speed up the regeneration, and allows the JV a flexible and predictable source of capital to complete the scheme, whilst leveraging Scarborough Group's unrivalled local development knowledge.

This latest investment from LGC again demonstrates that the UK can benefit hugely, both economically and socially, through institutional investment partnering with Government in order to facilitate major UK regeneration. It expands LGC's portfolio of UK regeneration projects, which include schemes in Bracknell, Salford, Canning Town, Plymouth, Wakefield and Liverpool, and follows closely behind LGC's investment into MediaCityUK with Peel – a £503m strategic regeneration project in Salford covering around 35 acres – which was also included in RIO's original target list of projects but executed directly.

Sir Michael Bear, Chairman of RIO, commented: “The United Kingdom is known internationally as an attractive place in which to invest in large-scale regeneration and infrastructure projects. For too long, however, investment has been focused on London and the South East. I am pleased that Legal & General have announced their first investment, under their partnership with UK Trade & Investment’s Regeneration Investment Organisation, alongside established developer Scarborough Group in Thorpe Park. Following the recent successful visit to Singapore and Malaysia, I would hope that investors from Singapore and Malaysia and other dynamic economies would follow the lead of a leading domestic player by investing in the significant growth opportunity the Northern Powerhouse represents.”

Laura Mason, Director of Direct Investments at Legal & General Capital, said: “Leeds has done an outstanding job in completing the first RIO deal with L&G. This major development will help bring the ‘Northern Powerhouse’ to life, supporting the wider Leeds economy and acting as a major catalyst for further investment in the UK’s cities and regions. Providing an excellent match for our long term money, we have worked in close partnership with our property asset management arm, regeneration specialist partners and the public sector to complete this transaction.

“Our approach demonstrates that we can deliver strong financial returns for our shareholders and policyholders, while unlocking major infrastructure projects that support the economic growth prospects of the UK by closing the funding gap. L&G’s investment in Thorpe Park also highlights to international investors the attractiveness of working with local partners to access high-quality investment opportunities in other parts of the UK which they may not have previously explored.”

Simon Marshall, Senior Executive at Scarborough Group, said: “This new partnership with Legal & General will be transformational for the delivery of Thorpe Park and is testament to the quality and potential of this market-leading regeneration project. We believe that this scheme is a once-in-a-generation opportunity for East Leeds. In partnership with Legal & General and with the Council’s on-going support, we are confident that we can create a truly unique and forward thinking mixed-use community that will contribute hugely to the economic prosperity of the area, creating new jobs, homes and facilities for East Leeds.”

Councillor Judith Blake, leader of Leeds City Council, commented: “The investment by Legal & General is excellent news for the development of Thorpe Park and for the regeneration of Leeds. The impact of this project will be transformational for the local region, creating thousands of new homes and jobs, and reinventing the landscape of East Leeds.”

- Ends -

For further information, please contact:

Olivia Goodall

Head of Communications

Legal & General Capital / Real Assets (LGIM)

020 3124 2777

Notes to editors:

Thorpe Park Leeds

Situated six miles east of Leeds City Centre, Thorpe Park is one of the UK's best established business parks containing over 600,000 sq ft of office space, as well as restaurants, a hotel, spa, gym, conference centre and medical centre. Complementing this, arranged over four phases, the major new development project will create a vibrant retail and leisure led scheme along with additional high quality office space, new homes and a 113 acre public park. As part of this, road infrastructure works will help to unlock the East Leeds Extension (ELE) zone, a 500+ acre area to the north of the scheme which Leeds City Council has allocated to deliver around 5,000 new homes over the next 15 years.

Legal & General Capital

Legal & General Capital (LGC) was founded in 2013 to help actively invest L&G Group's balance sheet, improving its shareholders' quality earnings by increasing the business' exposure to strategically important direct investments. To date L&G Group has invested over £6.3bn in direct investments. LGC's four major strategic sectors comprise of UK Housing, UK Urban Regeneration, Alternative Finance and Clean Energy. All of these asset classes require long term capital and face reduced bank support. They also reflect our aim to invest into socially and economically useful assets. Utilising our ever expanding network of strategic partnerships, in each sector we partner with market leaders to ensure we have access to the most comprehensive market intelligence and skill sets. As part of this, LGC is working closely with LGP to bring a combined knowledge of investing on behalf of UK insurance company and recognition of long term sectors and opportunities that make sense for the long term capital available, together with a track record of outperformance in creating attractive real estate fund opportunities.

www.legalandgeneralcapital.com

Legal & General Property

Legal & General Property (LGP) forms part of the Real Assets division of Legal & General Investment Management (LGIM), which is responsible for the company's direct investment capabilities in property and infrastructure. One of Europe's largest institutional asset managers and a major global investor, LGIM manages £714.6bn in assets on behalf of over 3,100 clients (30 June 2015), providing products and solutions spanning all asset classes. LGP is the third largest institutional property fund manager in the UK, managing or co-managing 19 funds or vehicles with an aggregate asset value of £16.7bn (30 June 2015).

www.lgim.com

Scarborough Group International

Founded by Kevin McCabe in 1980, Scarborough Group International has grown to become one of the UK's most active privately owned Real Estate corporations with projects undertaken or properties owned and traded throughout England, Scotland, Wales and Northern Ireland. The Group's development expertise spans all major sectors and over its near 40-year history, it has successfully developed schemes totalling more than 7 million sq ft. Scarborough Group's current UK development project portfolio has a total GDV in excess of £1.5bn.

Scarborough Group also holds substantial real estate interests internationally with subsidiary, associated or connected companies in the Far East, China and Australia. The Group's global reach also includes interests in North America, Europe and India through other organisations owned by the McCabe family. Scarborough Group also owns Sheffield United Limited and with it co-owns Sheffield United FC.

www.scarboroughgroup.com

Regeneration Investment Organisation

The UK government is creating the ideal business environment for investment in regeneration projects across the UK. The Regeneration Investment Organisation (RIO) has a strong pipeline of urban renewal projects seeking investment in sectors including commercial, industrial, leisure, residential, retail and mixed use. These projects are at various development stages and typically are each worth over £100m in investment value. Over 40 regeneration projects are listed on RIO's website seeking more investment or development partners.