

MoFoREAL

Welcome to this inaugural edition of MoFoReal, a quarterly newsletter highlighting our recent activities and other developments at MoFo's European real estate team. We hope you enjoy it and would really appreciate your feedback and suggestions for future issues.

Service Economy

Some 20 years ago, my initial experiences of working in real estate (or property, as we still called it then) involved a lot of shopping malls and offices, and I was acting for big property companies playing tough with tenants. Going back even further, as a second-year law student, I remember my first interactions with a landlord in Nottingham, paying over the odds for somewhere that was (politely) less than salubrious, and not having much luck in negotiating either rent or essential repairs. The common theme was very much an "us and them" mentality between the "haves" (landlords) and "have nots" (tenants), with little to no interaction between the two.

Fast forward to today and the outlook is very different, with commercial landlords having long since recognized the need to provide a service, as well as a space, to "customers" rather than "tenants." Modern shopping malls are perhaps the best example of this trend, but with the retail sector's fate somewhat sealed by the pandemic, it is perhaps no surprise that what we have continued to see in Q1 are investors falling over themselves to acquire and fill top-quality assets in alternative classes, such as full-service business parks and student accommodation villages. Goodbye to the damp walls and threadbare carpets of my old digs, and hello to superfast WiFi and artisanal coffee shops!

So while it is nothing new to say that real estate is a service and not just an asset (the tax authorities realized this decades ago in charging VAT on rent!), we have certainly seen a massive acceleration of this trend during the last year. Perhaps no better example of this is the recent establishment of We Are Pioneer

Group, on which we were delighted to advise. This new business, formed by the merger of our client Trinity Investment Management's Knowledge Factory with BioCity, is much more than a traditional asset manager of lab and life sciences hubs. It is also an integrated service business, providing services including incubator design and build, a venture accelerator program for life sciences startups, and sector-specific networking events and introductions. In other words, in addition to providing physical space, it creates an entire ecosystem in which its customers can thrive — a far cry from the "us and them" mentality mentioned above.

So where does real estate go from here? Imagine if your student hall of residence provided tutors to aid your study, and a careers service that helped you apply for your first job. Or if mall operators helped startup retailers with their website design and online sales channels (if you can't beat them...)? As the service economy continues to pick up speed, then that is surely where the future lies.

So how can we at MoFo help? We are different because we are not just real estate lawyers. We are also business lawyers, technology lawyers, investors, and entrepreneurs. Most of our team started their careers in other sectors and, while we now specialize in transactions involving the built environment, we also understand the dynamics of operating businesses, employing staff, and making investment decisions, in a way that we believe that most real estate lawyers do not. With our West Coast roots and major technology clients, MoFo truly understands the new economy. We would be delighted to hear from you!

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Team Expansion

In January, we were delighted to expand our London team with private equity real estate lawyer, Benjamin Davies and real estate finance specialists Edwin Borrini, Jeremy Philpott, and Tamsin Davies.

We are seeing a number of our clients increase their focus on debt deals in the current climate, so the arrival of a fully-fledged real estate finance practice is well timed. All of our new recruits have hit the ground running and we are incredibly proud and pleased to have them on our team.

— DEAL HIGHLIGHTS —

In Q1 2021, MoFo's European Real Estate Group was pleased to advise:



Trinity Investment Management on the creation of We Are Pioneer Group. Advised Trinity Investment Management on the merger of its science real estate arm, Knowledge Factory, with the operating businesses of BioCity Group, to create We Are Pioneer Group (WAPG). This landmark deal involved advising on the £120 million acquisition of the entire BioCity Group by Trinity's life sciences real estate joint venture with Harrison Street Real Estate, and the subsequent hiving out by that joint venture of all BioCity's non-real estate assets and operating business to be merged with those of Knowledge Factory, thereby creating We Are Pioneer Group, the UK's largest network of science- and tech-focused businesses. With 600 companies across its portfolio, WAPG makes up 7.5% of the UK innovation ecosystem, integrating venture development, investment, and real estate with business-focused networks.



Patron on its Student Accommodation Joint Venture with Curation. Advised Patron Capital Partners on its programmatic joint venture in the student accommodation sector with Curation Capital, an investor in and manager of student accommodation, co-living, private residential, and flexible office space. The transaction completed simultaneously with the joint venture's acquisition of Beech Gardens, a 250-bed development in Birmingham, which is the first in a series of proposed projects proposed under the parties' new business plan.

BRAVO Strategies III fund on its latest European real estate joint venture with NewRiver REIT. Advised the BRAVO Strategies III fund on its joint venture with specialist real estate investment trust NewRiver REIT, which acquired The Moor, a primary retail and leisure destination in Sheffield, from Aberdeen Standard Investments for £41 million, with the potential to develop up to 1,100 build-to-rent residential units and up to 300 purpose-built student accommodation units on the estate.

MARK

MARK on the Financing of the Purchase of Monaco Retail Units. Advised MARK Capital Management Limited on the €25 million financing of its acquisition of retail units in a site under development in Monaco. The facility was provided by Banca Popolare di Sondrio and was implemented by way of an upsize of the existing financing package offered by that bank.

MARK

MARK on its Dutch Residential Portfolio Purchase. Advised MARK Capital Management Limited on its circa €60 million senior financing and €20m mezzanine financing to acquire a portfolio of performing residential assets in The Hague in the Netherlands. The facilities were provided by funds managed by LaSalle Investment Management and are capable of being up-scaled to allow for the acquisition of further residential assets.

Pro Bono Spotlight:



Forum for the Future on its new Shoreditch premises. Advised Forum for the Future, a leading sustainability not-for-profit with offices in London, New York, Singapore, and Mumbai, on the lease of its new Shoreditch office space. Forum for the Future is a pioneer for sustainable business practices and strategies, working in partnership with businesses, governments, and civil society to address critical global challenges such as climate change, poverty, malnutrition, and civil unrest. Learn more about its work at <https://www.forumforthefuture.org/>.