

British Land sells Meadowhall stake to give Norway's sovereign wealth fund full ownership

By **Lewis Berrill** | Mon 20 May 2024

British Land has sold its 50% stake in Meadowhall Shopping Centre in Sheffield to its partner Norges Bank Investment Management for £360m, giving the £1.3tn sovereign wealth fund 100% ownership of Britain's fifth-largest mall.



Meadowhall aerial

Source: Shutterstock/ Duncan Cuthnertson

The move demonstrates British Land's stated commitment to sell non-core shopping centre assets as it looks to **focus on retail parks** instead.

The group, the largest UK retail park owner and operator with 8% of the market by size, says it will use funds from the sale of Meadowhall for acquisitions.

As part of the deal, British Land will remain as asset manager of Meadowhall, which has 290 shops and 24 million annual visitors, and will continue to earn management fees in line with the current terms.

The deal follows the sale of ancillary land owned by the British Land-Norges Bank joint venture for £7m earlier this year. Together these deals value the Meadowhall Estate at £734m, 3% above its September 2023 book value. Proceeds after net debt of about £200m are expected to total around £156m.

David Johnston, partner in the commercial property team at Wedlake Bell, told Property Week, that despite British Land's keenness to exit shopping centre assets, value still existed in the sector for the buyer.

"One of the strengths of a mature property market is that both a buyer and a seller can each be making the right decision for them. As we have seen in the office market, 'super-prime' assets are attracting long-term money such as sovereign wealth funds. Just looking at London, the regeneration of King's Cross and British Land's own Canada Water show that patience and expertise combined with enough developable land can deliver hugely successful developments. Whether you would class them all as retail led is up for debate but shops, restaurants and leisure are fundamental elements of urban placemaking."

British Land chief executive Simon Carter said: "We have had a successful partnership with Norges over many years and are delighted to continue to work alongside them as asset managers of the centre.

"Following the sale of Meadowhall, 93% of our portfolio is now in our preferred segments of retail parks, campuses and London urban logistics.

"We will continue to grow our retail park portfolio. With low capex requirements, parks offer attractive cash returns and at 99% occupancy we are delivering strong rental growth."

The transaction is expected to be completed in July.