



Pure Data Centres (Pure DC)'s Joint Venture Agreement with SEGRO for £1bn London Data Centre

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What is the context?

What are Joint Venture Agreements (JVs)?

JVs are business arrangements where two or more parties contribute resources towards a project while sharing losses, profits and responsibilities within a separate entity.

Although they give each party an opportunity to exploit a new business opportunity without bearing all of the costs and risks, the companies must go into the project with the same business goals and an equal degree of commitment.

Who are the parties involved?

This JV is between Pure Data Centres (Pure DC) and SEGRO. Pure DC is a leading developer and operator of large-scale digital infrastructure. They design, build and operate data centres in markets across Europe, the Middle East and Asia that have a high demand but limited supply. Meanwhile, SEGRO is a UK Real Estate Investment Trust (REIT) and a leading owner, asset manager and developer of modern warehousing and industrial property.

What is the deal?

The international law firm, Simmons & Simmons has advised Pure DC on their JV with SEGRO to develop a 56MW data centre, worth £1bn, located in Park Royal, London. Data centres are buildings that contain IT infrastructure for deploying and managing applications as well as services. Data centres are important for national economies by providing valuable economic growth and it has been predicted they will contribute a potential of £44bn to the UK's economy by 2035. This data centre will use 70MVA (Mega Volt-Ampere) of power secured by Pure DC on a 10 acre industrial estate owned by SEGRO.

Peter Kyle, who was the Secretary of State for Science, Innovation and Technology at the time, welcomed the venture and described it as a "powerful endorsement of Britain as a home for tech investment", signifying how this deal can bolster the UK's AI market that is currently the third largest worldwide (recently valued as £72.3bn in 2024). Moreover, the JV can be seen as a way to strengthen the UK's economy by creating job opportunities as well as opening the way for an AI-powered future.

The impact on law firms and businesses?

Joint ventures like this can have a significant impact upon legal firms especially when it comes to the formation of contracts. Although these agreements reduce the risk and costs for the parties, they come with complex drafting such as which party takes responsibility of grid failures, the level of risk allocation which may include environmental risks, construction risks or what action needs to be taken when the facility does not meet its performance expectations.

Moreover, this will place a huge task on law firms since there will be the need to regularly monitor any policy changes that may relate to energy, grid capacity regulation and any technology regulation. Importantly, future JVs like this can be seen as an incentive for law firms to deepen their expertise in areas like real estate, artificial intelligence and environmental law which would allow them to compete with established firms in securing clients in high-stake deals.

For businesses, agreements in building data centres in the UK can be seen as an investment for the future. Given the rising demand in the digital sector in the UK, owners of industrial sites may be inspired to convert their sites into data centres and potentially partner with energy and data companies under a JV, although there will be high entry costs and tough competition with existing competitors.

Commercial word of the article

What is a REIT?

REITs (Real Estate Investment Trusts) are companies who own, operate or finance income-producing real estate across a range of property sectors.

They allow investors to own shares in income-producing real estate without managing properties themselves



What are grid failures?

Grid failures, also known as grid outages, is when the electrical power grid experiences major disruption which may cause widespread power outages across a large area. This means individuals, homeowners and companies may find themselves unable to continue with their usual activities due to the failure which could last for some time.

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