

18 February 2020

## LEGAL & GENERAL'S AFFORDABLE HOUSING BUSINESS COMPLETES FIRST DEAL TO BACK GROWING PENSION RISK TRANSFER BUSINESS

- **£100m financing secured as L&G commits UK pension money to increase the provision of affordable housing -**

Legal & General announces that it has provided £100 million of long term debt financing to its affordable housing business, as it opens the door for UK pension money to back the provision of much-needed affordable housing. Secured against the income stream of a UK-wide portfolio of high quality operational affordable housing, this represents its first deal to generate attractive matching-adjustment, compliant direct investments from affordable housing for its growing annuity portfolio. A further £175m of development finance is being provided by a consortium of external investors to support the delivery of its current pipeline of 3,500 homes.

Legal & General is uniquely placed to invest annuity money into the UK economy, supporting its long-term pension commitments and creating real assets which provide new jobs, housing, productivity and wage growth. Affordable housing is an appropriate asset for Legal & General's Pension Risk Transfer business, offering a secure portfolio of inflation-linked rental income which delivers long-term, diversified, stable returns. This latest investment demonstrates how Legal & General's varied capital streams can be put to work in order to tackle the UK's housing crisis and deliver extraordinary social outcomes.

The UK continues to suffer a growing crisis as 1.3 million households remain on waiting lists for social housing. One in three low income earners have had to borrow money to pay their rent and the steep decline in social housing has led to huge increases in government welfare costs, as well as rising homelessness. Legal & General is leading the evolution of the affordable housing sector; committed to raising service standards and deploying long-term institutional capital into a sector which continues to suffer from chronic undersupply.

Across its growing portfolio, Legal & General's Affordable Housing business is delivering a mix of social rent, affordable rent and shared ownership homes. Established in 2018 and delivering its first homes in 2019, it is on target to create 3,000 homes each year by 2023 working in partnership with 14 established housing associations and providers.

**Nigel Wilson, CEO of Legal & General, said:** "Legal & General's continued activity in the affordable housing sector demonstrates our unique ability to create real assets which match our long term pension liabilities, recycling the UK's hard earned savings and pensions to support those most in need in society. We have already directly invested over £22bn into new homes, urban regeneration, clean energy and transport infrastructure. Bringing in pension fund capital gives us the scope to do even more. This is inclusive capitalism at its best."



**Simon Century, Head of Affordable Housing at Legal & General, added:** “There is an urgent need to provide stable homes for millions of households on waiting lists. Legal & General is increasingly innovating with how to deploy institutional capital at scale to meet these needs and have a significant long term socio-economic impact. We have made a great start in executing our development programme, which now stands at nearly 3,500 homes all across the country. This investment from Legal & General Retirement will help us further bolster this pipeline.”

- Ends -

**For further information, please contact:**

**Lauren Kemp**

PR Manager, Legal & General Capital

Tel: 020 3124 3394

Email: [lauren.kemp@lgim.com](mailto:lauren.kemp@lgim.com)

<http://www.legalandgeneralcapital.com/>

**Notes to editors -**

**Legal & General Capital**

Legal & General Capital (LGC) is the early-stage investment business of Legal & General Group. Investing from Legal & General’s principal balance sheet, LGC’s purpose is to generate long-term shareholder value by injecting new capital into key sectors where there has been a shortage of investment and innovation. Focused on Future Cities (including Urban Regeneration, Clean Energy and Infrastructure), Housing and Principal Investing (including SME Finance and Venture Capital), these key sectors reflect our aim to invest for the long term in economically and socially useful assets, to secure competitive returns and to create new and alternative asset classes for Legal & General’s varied investment requirements, for our partners and for the wider marketplace.

**Legal & General Group**

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with international businesses in the US, Europe, Middle East and Asia. With over £1 trillion in total assets under management, we’re the UK’s largest investment manager for corporate pension schemes and a market leader in pensions de-risking, life insurance and workplace pensions. We have also invested over £22 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.