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GLASGOW COUNCIL SECURES £285M FUNDING FROM LEGAL & GENERAL FOR ITS EQUAL PAY SETTLEMENT

LGIM Real Assets (Legal & General) announces that it has committed, on behalf of its clients including Legal & General Retirement Institutional (LGRI), £285 million in funding to City Property Glasgow, a wholly owned subsidiary of Glasgow City Council (“GCC”). The funding is to support its recently settled equal pay liability. It is estimated that around 12,000 Glasgow city households will be positively affected by the settlement of the equal pay dispute.

Legal & General’s long-term financing is secured on an underlying property portfolio of 473 commercial assets located in and around Glasgow. The portfolio includes a range of Ground Rents, office assets and industrial estates, as well as strategic assets. These include two historic landmarks, the SEC Armadillo and City Halls, which have been retained by Glasgow City Council for the benefit of the community.

This investment provides an excellent match for Legal & General’s long term annuity and pension commitments, and marks another significant investment in Glasgow. In the last year, Legal & General has made a number of investments in the city. These include its 324 home Build to Rent scheme at Buchanan Wharf, the development of 160 room hotel opposite Queen Street Station, the acquisition of the Scottish court and tribunal building and the forward funding of the Atlantic Square Development to provide a major new UK Government hub. This long term financing demonstrates the positive impact that a proactive local authority and long-term debt investment can provide. Through the partnership, GCC has been able to deliver on its promise to resolve the equal pay dispute whilst also protecting its property assets, many of which have been in council ownership since the mid-1900s.

Lorna Brown, Head of Real Estate Debt at LGIM Real Assets, said: “This transaction is testament to our ability to provide significant and complex financing to the public and private sector and our commitment to investments which have a positive social impact. It follows a busy start to 2019, with debt investments across multiple asset classes for a range of property investors.

Legal & General is pleased to support Glasgow City Council in addressing their historic pay issues through the provision of the majority of the capital required to meet this liability. This is a strong long-term partnership for our real estate debt team alongside City Properties Glasgow (Investments) and Glasgow City Council and is an excellent fit for our pension fund capital.”

Pete Gladwell, Head of Public Sector Partnerships at LGIM Real Assets, said: “This provision of funding demonstrates our commitment to investing in UK regions, and a partnership between a forward thinking institution and local authorities. We are pleased to support Glasgow City Council in delivering pay justice; it marks the start of a deeper partnership between Glasgow City Council and Legal & General; we view this as a basis for further investment to meet the city’s long term needs and aspirations.”

Council leader Susan Aitken said: “Settling Glasgow’s equal pay dispute and delivering pay justice for our women workers is a hugely significant step forward for the council and the city as a whole.

This deal not only means we can start to put right a historic wrong, but do so while safeguarding the future of the city’s property assets in public use. I’m very pleased to be doing that in partnership with Legal & General, which continues to show great confidence in Glasgow as a place to invest.”

Legal & General is well placed to invest pension money into the UK economy, through its bulk annuity and Pension Risk Transfer (PRT) activities - supporting its long-term pension commitments whilst making a positive difference to the economy and society as a whole. The recent £4.6bn bulk annuity transaction with Rolls-Royce Pension Fund, the UK’s largest to date, provides further opportunities for us to invest in our local communities.

- Ends -

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Notes to editors

LGIM Real Assets

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe’s largest institutional asset managers and a major global investor. LGIM manages £1tn in assets (as at 31 December 2018), providing products and solutions spanning all asset classes. LGIM Real Assets, headed up by Bill Hughes, has AUM of £31.4bn (as 31 December 2018), actively investing and managing assets across commercial property, private residential, infrastructure and property lending and, most recently, corporate credit.

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 are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pensions de-risking, life insurance, workplace pensions and retirement income. We have also invested over £19 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.