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Legal & General launches Student Living Platform with first PBSA direct-let purchase

LGIM announces today the completion, on behalf of Legal & General Retirement Institutional (LGRI), of its first direct-let Purpose Built Student Accommodation (PBSA) acquisition, following the purchase of the Aqua Portfolio from Global Student Accommodation (GSA). Building on its strong track-record of investing and lending into the sector, this marks the launch of the L&G Student Living Platform.

The GSA portfolio consists of two high quality, modern PBSA assets located in Exeter (Clifford House) and Glasgow (Scotway House). Both assets completed in 2019 and have proven historic rental growth, consistent 98%+ occupancy and have established a strong reputation in each of their respective student markets. Clifford House in Exeter consists of 312 bedrooms and Scotway House in Glasgow consists of 399 bedrooms, the assets were purchased for a combined pricing of c.£122m.

LGIM has been operating within the student accommodation sector for more than 10 years following its first investment in 2011. It currently manages over £1.2bn in the sector, across equity and debt investments.

The new direct-let PBSA strategy will look to target operational, up and built PBSA units no older than five years old. LGIM aims to deploy c.£0.5bn of capital into the sector over the next two years, with the longer-term goal of growing the portfolio to over £1bn and directly managing c.5k beds across the UK.

The PBSA strategy complements L&G's track-record in the investment, development and operation of residential assets – with over £1.1bn¹ invested across suburban build to rent, affordable housing as well as later living. Having launched in 2016, LGIM's build to rent strategy has committed over £3bn² of institutional capital into the sector and expanded its portfolio to 24 schemes across 13 cities nationwide; cementing its position as a leader in the market.

Neil Dovey, Head of Annuity Transactions, LGIM: “We’re excited to have made our first direct-let acquisition in the student accommodation space. These assets provide high quality PBSA accommodation, situated in locations benefitting from strong academic institutions and demand from students, looking for buildings designed to meet the requirements of modern university life.”

Adam Burney, Head of Annuity BTR & PBSA, LGIM: “Investing in direct-let PBSA assets forms the next iteration of our Living Sector strategy. The sector has demonstrated its alignment to our strategic requirements, which includes a significant focus on ESG and provides diversification. Following the success and growth of our BTR platform, this strategy further supports the long-term investment goals of LGRI.”

Andrew Kail, CEO, Legal & General Retirement Institutional (LGRI): “Pension scheme capital is being put to positive use in the real economy – with tangible benefits across generations. These buildings provide students with quality accommodation, while the British economy as a whole should benefit from long-term investing in real assets. We’re proud of how expertise from colleagues has unlocked these benefits for both the new generation as well as the long-term future of those looking to a sustainable pension.”

Knight Frank advised LGIM on the acquisition, MTRE advised GSA.

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¹Legal & General internal data as at April 2024.

²Legal & General internal data as at April 2024.

Key Risk Warnings

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Notes to editors

About Legal & General

Established in 1836, Legal & General is one of the UK's leading financial services groups and a major global investor, with £1.2 trillion³ in total assets under management of which 40% is international. We have a unique and highly synergistic business model, which continues to drive strong returns. Legal & General provides powerful asset origination and management capabilities directly to clients, which also underpin our leading retirement and protection solutions. We are a leading international player in Pension Risk Transfer, in UK and US life insurance, and in UK workplace pensions and retirement income. Our purpose is to improve the lives of our customers and create value for our shareholders. Through inclusive capitalism, we are investing in long-term assets, such as real estate and infrastructure, that can help build a better society for the future.

About Legal & General Investment Management (LGIM)

Legal & General Investment Management is one of Europe's largest asset managers and a major global investor, with total assets under management of £1,159bn⁴. We work with a wide range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

Throughout the past 50 years we have built our business through understanding what matters most to our clients and transforming this insight into valuable, accessible investment products and solutions. We provide investment expertise across the full spectrum of asset classes including fixed income, equities, commercial property, and cash. Our capabilities range from index-tracking and active strategies to liquidity management and liability-based risk management solutions.

³Data as at 31 December 2023.

⁴LGIM internal data as at 31 December 2023. The AUM disclosed aggregates the assets managed by LGIM in the UK, LGIMA in the US and LGIM Asia in Hong Kong (2018-2019 only). The AUM includes the value of securities and derivatives positions.