



Legal & General's affordable housing strategy grows to £280m following GMPF investment

The Greater Manchester Pension Fund (GMPF) invests £120m into Legal & General's Affordable Housing Fund, as it continues to invest to increase much-needed affordable housing supply in England

- GMPF and Legal & General have worked closely together to design the strategy which led to the launch of the Legal & General Affordable Housing Fund in July. The strategy now has commitments of £280m (as at 5 August) and builds on Legal & General's intentions to scale its private markets capabilities.
- L&G and GMPF have had a long-standing partnership of over 20 years; today's announcement follows the most recent joint investment in Bruntwood SciTech, the specialist property provider serving the UK's science and tech sectors.
- With housing cemented as a top priority by the UK Government, today's announcement reaffirms the central role of institutional capital in expediting affordable homes delivery.

Legal & General (L&G) today announces that it has secured a further £150m in commitments for its UK affordable housing strategy, following the recent launch of the Legal & General Affordable Housing Fund, bringing total commitments to the strategy to date to £280 million. The bulk of this new capital comes from Local Government Pension Scheme (LGPS) Fund, GMPF, who have committed £120m alongside internal client capital. With acute demand for affordable housing across the UK, this highlights how the public and private sector can come together to drive meaningful change.

GMPF are the largest LGPS fund and the eleventh biggest defined benefit pension fund in the UK. They look after more than 375k pensions, paying over £750m of benefits each year¹. These benefits are enjoyed by people who work for the ten local authorities in Greater Manchester and other organisations such as the National Probation Service, academy schools and housing associations.

As 1.3m households sit on local authority waiting lists in England², L&G's strategy will invest in well-designed, purpose-built social rent, affordable rent and shared ownership housing in areas of acute need and demand across England and seek to work alongside councils and other providers in response to recent policy announcements and those due in October.

Cllr Gerald Cooney, Chair of GMPF: "As a leader of a Council, as well as a chair of a pension fund I know the depth of the housing crisis in which we find ourselves as a nation. We see it as we place record numbers of homeless children in temporary accommodation; as we grapple with waiting lists for social housing getting longer and longer; and younger residents are priced out of home ownership. That's why we are proud to be the cornerstone of this investment with longstanding investment partner Legal & General and support the Government's plan to provide much needed affordable homes for hardworking families whilst aiming to deliver strong low risk returns to pay the pensions of our hardworking members."

Laura Mason, CEO, Private Markets, Asset Management Division: "Today's announcement demonstrates the important role pensions capital can play in investing in tangible assets that we believe can benefit the real economy while seeking to deliver positive societal outcomes. With acute demand for affordable housing across the UK and with Government signalling the delivery of more affordable homes as a top priority, the public and private sector need to work together to drive change, and institutional investment has a pivotal part to play. Our evolving partnership with Greater Manchester Pension Fund is testament to this, as well as the strength of the platform we have created to utilise L&G's catalytic balance sheet capital in investment opportunities for our clients."

¹GMPF.

²Department for Levelling Up, Housing & Communities - [Social housing lettings in England, tenants: April 2022 to March 2023](#).

Ali Farrell, Fund Manager, Asset Management Division: “We’re delighted to welcome GMPF to our affordable housing strategy. Reaching £280m, following a further £150m of investment, marks an important step forward in how we direct long-term pensions capital into unlocking more homes across the UK. L&G’s enduring commitment to the housing sector reflects the opportunity for institutional investors to not only secure steady, inflation-linked returns, but also the opportunity to make real-world impact. We’re proud to have created an investment vehicle to facilitate this – helping to meet our clients’ needs as well as aiming to deliver societal benefit.”

Ben Denton, CEO, Legal & General Affordable Homes: “When we launched our affordable homes business back in 2018, we had the aim of attracting new, much-needed institutional investment into the asset class and increasing affordable housing delivery across the country. Now with the launch of the Fund and the support of partners like GMPF we can make a real impact on people’s lives across the Country, delivering homes that people can afford and place-based solutions to support inclusive growth, alongside delivering great customer service.”

The Fund will aim to positively impact hundreds of people's lives, focussing on “Equity and affordability” as its core social priority. The homes will align with Legal & General’s commitment in aiming to achieve net zero carbon by 2050 or sooner. The pipeline consists of new-build, energy efficient affordable housing stock, >95% of which has an EPC rating B or higher.

The Fund has a strong pipeline of new homes via Legal & General Affordable Homes (“LGAH”). The Fund will operate a direct leasing model for greater control, high quality customer service and to reduce counter-party risk. The Fund will be managed by Legal & General’s asset management division – which is uniquely placed having invested client capital into the real estate sector for more than 50 years.

With £1bn invested in affordable housing to date, LGAH was established in 2018 as Legal & General’s own developer and operator of affordable housing, with the aim of attracting new, much-needed institutional investment into the asset class and increasing affordable housing delivery across the country. Leveraging its wide network and established developer partnerships it now comprises 8,000 homes: over 5,500 in operation and 3,000 in development with further capital secured to support its growth.

For professional clients only. Capital at risk.

-ENDS-

Notes to editors

About Legal & General plc

Established in 1836, Legal & General is one of the UK’s leading financial services groups and a major global investor, with £1.2 trillion in total assets under management (as at FY23) of which c40% (circa £0.5 trillion) is international.

We have a highly synergistic business model, which continues to drive strong returns. We are a leading international player in Institutional Retirement, in Retail Savings and Protection, and in both public and private markets through our Asset Management division. Across the Group, we are committed to responsible investing and dedicated to serving the long-term savings and investment needs of customers and society.

As a leading direct investor, developer, and operator of residential property, Legal & General has one of the largest and most diverse platforms in the UK. It has successfully scaled up multiple operating platforms and delivered a number of strategies across a range of tenures, building houses to sell and rent, providing retirement communities, and finding new ways to deliver affordable housing. We believe Legal & General’s enduring commitment to affordable housing reflects the opportunity to secure steady, inflation-linked returns alongside positive social impact within local communities.

As at 7 June 2024, we estimate the Group’s Solvency II coverage ratio to be 224%.

As at 11 June 2024, Legal & General has a market capitalisation of £14.6 billion.

About Asset Management

L&G's Asset Management division is one of Europe's largest and a major global investor across public and private markets, with £1.2 trillion in assets under management.

The division combines deep expertise in asset management and origination with global distribution capabilities to deliver positive outcomes for our clients, which include individual savers, pension scheme members and global institutions, investing alongside L&G's own balance sheet. As a global investor, we are present where our clients need us – from Hong Kong and Singapore, to major European financial hubs, to Chicago. – operating under the Legal & General and LGIM brands.

We provide investment solutions across the full spectrum of asset classes, ranging from index-tracking and active funds to liquidity and liability-based risk management strategies. Through our private markets platform, we utilise our rich heritage and extensive network of partners to offer access to a wide range of purposeful alternative investment opportunities, including specialist real estate, clean energy, infrastructure, venture capital, unlisted equities and private credit.

Our division is underpinned by our enduring commitment to responsible investment, dedicated to creating long-term, sustainable value for our clients and partners.

Data as of 31 December 2023.

Further information

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Key Risk Warnings

The value of investments and the income from them can go down as well as up and you may not get back the amount invested. Past performance is not a guide to future performance. It should be noted that diversification is no guarantee against a loss in a declining market. Asset allocation is subject to change.

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The risks associated with each fund or investment strategy should be read and understood before making any investment decisions.