



## Legal & General and NatWest Group Pension Fund form £500m JV to scale up delivery of net zero carbon later living communities through Inspired Villages

**15-year JV to bring forward around 5,100 homes and c.£4bn GDV**

Legal & General announces that it has entered into a 15-year joint venture partnership (the JV) with NatWest Pension Trustee Limited (NWPTL), the defined benefit pension scheme of NatWest Group, to invest £500m of equity to build later living communities which will be developed and operated by Inspired Villages. The deal supports Inspired Villages' next stage of growth as it scales up its ambitions to deliver net zero carbon later living communities across the UK to meet the fast-growing need for specialist later living accommodation.

With an ageing society, we will soon have more people over 65 than under 18 but do not have the infrastructure, health-spend or social care to support this long-term demographic shift, exacerbated by a shortage of suitable later living options. There are now more than 12m over 65s in the UK with this figure expected to increase by 41% to nearly 18m by 2040; however, there are currently only 78,000 later living homes in this country and only around 7,000 new units delivered each year. The UK later living sector lags significantly behind international comparisons, accounting for only 0.6% of over-65s living in later living communities in contrast to around 5% to 6% in the US, New Zealand and Australia.

Inspired Villages offers a wide range of housing options, starting from £230,000 and ranging from 1-bedroom rental apartments to 2/3-bedroom houses for sale, all set within vibrant communities carefully designed for the needs of older people and focused on promoting an active lifestyle. Offering an aspirational lifestyle choice, it aims to improve the holistic wellbeing for the over 65s and support them in living healthier, independent lives for longer so that they can remain in their own home as they age, while being able to access necessary care and wellbeing services. With a strong social purpose, it is driven by the desire to keep its residents healthier and happier for longer and take the pressure off our already overstretched NHS and care services. Research<sup>1</sup> shows us that gains in life expectancy are predominantly made up of years in poor health, with the proportion of life in good health remaining broadly flat; by focusing on prevention rather than cure, targeting aging and health span, there are significant economic gains to be made for us all.

Described by medical professionals as a "silent epidemic", loneliness has profound medical implications. Even before the pandemic, more than 2m people in England over the age of 75 lived alone and more than 1m older people said they go for a month without speaking to a friend, neighbour or family member<sup>2</sup>. This social isolation and loss of social support has been further exacerbated in the last 18 months. Later living communities, in contrast, have provided safer environments, offering residents the ability to self-isolate in their own homes whilst

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<sup>1</sup> The economic value of targeting aging by Andrew J. Scott, Martin Ellison and David A. Sinclair shows that a slowdown in aging that increases life expectancy by 1 year is worth US\$38 trillion, and by 10 years, US\$367 trillion. Ultimately, the more progress that is made in improving how we age, the greater the value of further improvements. [The economic value of targeting aging \(nature.com\)](https://www.nature.com/articles/s41586-021-03400-0)  
<sup>2</sup> <https://www.nhs.uk/conditions/stress-anxiety-depression/loneliness-in-older-people/>

maintaining access to a network of support and social interaction which is not possible for those who live alone in traditional housing. Facilities such as gyms and swimming pools have largely remained open to residents, through safety measures including single household bookings, with exercise classes also being led online. The village teams have also organised socially distanced coffee and wine gatherings on resident balconies and patios, arranged walks and socially distanced exercise classes in the spacious green grounds of the villages, delivered cooked meals from the restaurants, and made regular buddy calls and deliveries to keep up morale

Operating over long investment horizons and as responsible investors, Legal & General and NWPTL are aligned in their desire to back investments that deliver a positive environmental and social impact. Having committed to delivering all new housing stock as operationally net-zero carbon by 2030, Inspired Villages broke ground on its first two net-zero carbon in regulated energy developments earlier this year. Located in Bedfordshire and Hampshire, together they are bringing forward over 350 energy efficient homes – a first for the UK's later living sector. The Central Bedfordshire site (Millfield Green), will use renewable energy generation throughout, delivered through on-site photovoltaics, EV-charging, improved building fabric and insulation, Mechanical Heat Vent Recovery units and ground-source heat pumps. Providing ample heating and hot water to serve the village centre and its 200 homes, giving residents long term security over running costs whilst helping to combat climate change, the ground source heat pump system will be the largest of its kind to date to be delivered by Kensa Group, a market-leader backed by Legal & General.

Inspired Villages was established by the Inspired management team and Legal & General Capital, Legal & General Group's alternative asset platform, in August 2017. As part of the new JV, Legal & General has sold a 50% stake in Inspired Villages' first 11 sites to NWPTL based on an enterprise value of over £300m, allowing it to reinvest equity back into this fast-growing business and support its future pipeline. Inspired Villages currently has six operational villages with 919 residents and four sites under construction. With a commitment to back a portfolio of 34 sites - equating to around 5,100 homes, 8,000 residents and an estimated Gross Development Value (GDV) of c.£4bn - it enables Inspired Villages' to scale its impact in addressing the considerable shortage of appropriate housing for older people in the UK.

NWPTL is the trustee of one of the largest pension funds in the UK, the NatWest Group Pension Fund, which has more than 200,000 members and £53bn of assets. It has also committed to acquiring all the developed fully occupied villages outright, placing them into an 'Operational Fund'. The developed villages will continue to be managed by Inspired Villages to provide ongoing resident services. This has the potential over time to create an investment platform that allows other pension funds to access and invest in the sector via mature assets, allowing UK pension money to be deployed at scale in order to match long term liabilities and back great outcomes for later living and UK society.

**Robert Waugh, CEO of NWPTL, commented:** "The investment potential of the later living sector is substantial as the need to support our ageing population increases. This new partnership with Legal & General and Inspired Villages aligns perfectly with our ambitions to invest in areas that present strong social and environment credentials, whilst offering a good match for our long-dated liabilities. As Inspired Villages continues to mature and grow its portfolio, we are excited to be coming on board to support its expansion."

**Laura Mason, CEO of Legal & General Capital, said:** "At Legal & General, we are determined to use society's capital for society's benefit. Net zero later living communities, which help to tackle climate change whilst addressing years of underinvestment in our ageing population, do just this. It is fantastic to be partnering with NatWest Group Pension Fund who are aligned in this purpose. This transaction is unique as it sees one of the largest UK pension funds investing directly into UK private social infrastructure. Broadening the range of growth assets that

pension money can access is an important step forward for the UK's growth agenda and economic future, allowing our country's savings to support the UK in building back better, address climate change and tackle the major issues society is facing. We hope to see further deals like this follow."

**Jamie Bunce, CEO of Inspired Villages, said:** "NatWest Group Pension Fund's desire to co-invest is a fantastic testament to our company's vision and hard work. The deal will allow us to grow at pace so we can help thousands more over 65s enjoy healthy, independent living for longer and support our country's overburdened health and social care system. NatWest Group Pension Fund is closely aligned with our sustainability goals, so partnering with them will allow us to continue to lead the sector, delivering net zero carbon later living communities which will make a real difference to the way we live and age in future."

**Phil Bayliss, Chairman of Inspired Villages, commented:** "Covid has shone a light on the role that later living communities play in our society, further rocket-fuelling demand for high quality, aspirational later living accommodation. Our new JV with NatWest Group Pension Fund is a tremendous validation of the growth of Inspired Villages as an operator of later living communities. Through this like-minded strategic partnership, we are able to scale our investment in this important emerging asset class, paving the way for further pension money to follow and increasing our societal impact."

**ENDS**

### [Further information](#)

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### [Notes to editors](#)

#### **Inspired Villages**

Established in 2017 by long-term partner Legal & General, Inspired Villages operates and develops later living communities in suburban and rural locations across the UK.

Each village offers beautiful, age-appropriate homes with vibrant communities at their heart that enrich the lives of both residents and locals thanks to the numerous wellbeing facilities and activities on offer. Along with the added benefit of flexible, on-site care, Inspired Villages provides an outstanding lifestyle choice that promotes independent living for longer.

As a best-in-class operator, Inspired Villages was named 'Retirement Living Operator of the Year' at the Resi Awards 2019 and 2020, and 'Property Investor of the Year' at the HealthInvestor Awards 2019 and 2020.

#### **NatWest Pension Trustee Limited**

NatWest Pension Trustee Limited (NWPTL) is the corporate Trustee of the NatWest Group Pension Fund. The fund provides defined benefit pensions for current and former employees of NatWest Group. The Fund had assets of

£53m as at 31 December 2020 and c200,000 members. The Fund invests in a wider range of equity, credit and property in the UK and globally. NWPTL divides its responsible ownership activity into five broad themes. The NWPTL approach is neatly captured in the phrase “engage your equity, deny debt and get active in your alternatives”. Voting and engaging issuers of listed equity has been shown to have real impact on board behaviour. Refusing to lend is the most direct way of limiting capital available to businesses that are unwilling to change their behaviour. Owning and continuing to invest in alternative assets with positive ESG attributes ensures capital is available to businesses aligned with NWPTL’s Responsible Ownership Policy.

NWPTL owns 100% of RIEL Ltd which provides strategic investment advice and manages the pension fund on behalf of the Trustee.

Details of the pension fund’s annual Responsible Ownership Report and the Fund’s activity across the five broad themes can be found [here](#)

Details of the pension fund’s annual report and its assets can be found [here](#)

## **Legal & General Capital**

Legal & General Capital (LGC) is Legal & General Group’s alternative asset platform, creating assets for Legal & General Retirement and third-party clients in order to achieve improved risk-adjusted returns for our shareholders.

LGC has built its market leading capabilities in a range of alternative assets, delivering depth of resource, track record and intellectual property. Investing in the real economy and creating alternative assets that deliver a tangible societal impact, its purpose is to invest society’s capital for society’s benefit. LGC’s investments have been vertically integrated and include residential property, specialist commercial real estate, clean energy, and SME Finance.

As LGC’s capability to create alternative assets continues to grow, it will not only continue to grow its balance sheet alternative assets but also create alternative assets for third party investors. Many of these investors have the same aims - namely to create assets to back pensions with an improved yield or to create assets with strong growth prospects but with low correlation to equities.

L&G has invested over £30bn in levelling-up regional economies, including through major regeneration schemes in Cardiff, Newcastle and Salford. Legal & General recently made a commitment to enable all new homes across its portfolio to operate at net zero carbon emissions by 2030, including Legal & General Modular Homes, CALA Group, Legal & General Affordable Homes, Build to Rent and Later Living.

## **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 £1.24 trillion in total assets under management, we are the UK’s largest investment manager for corporate pension schemes and a UK market leader in pension risk transfer, life insurance, workplace pensions and retirement income.