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Legal & General launches new fund to deliver affordable housing across England

The fund has received a cornerstone commitment of £125m from ACCESS Pool to manage its affordable housing investment strategy, showcasing combined commitment to increasing much-needed affordable housing supply in England

- The announcement builds on Legal & General's recent strategic update, in which the Group announced its intentions to scale its private markets capabilities by bringing together its asset management and origination businesses
- Legal & General Affordable Homes assets to seed portfolio, with the fund managed by L&G's Asset Management Division

Legal & General today announces the launch of the L&G Affordable Housing Fund ("the Fund"), alongside a £125m commitment from Local Government Pension Scheme (LGPS), ACCESS - a collaboration of Central, Eastern and Southern Shires, composed of 11 LGPS Administering Authorities with assets totalling c.£40bn. The vehicle is aiming to deliver a diversified inflation-linked cash flow for investors.

The level of new affordable homes being built (under 55k over the last decade¹) falls short of the National Housing Federation's recommendations of c.145k a year until 2031². As 1.2m households sit on local authority waiting lists in England³, the Fund will invest in well-designed, purpose-built affordable rent and shared ownership housing in areas of acute need and demand across England.

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 strategy has a strong pipeline of new homes via Legal & General Affordable Homes ("LGAH"). At launch, the Fund will hold over 750 homes, the majority of which will benefit from affordable rent, with the remainder being shared ownership and social rented homes. 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 arm – which is uniquely placed with a proven track-record, having invested client capital into the real estate sector for more than 50 years.

As a leading direct investor, developer, and operator of residential property⁴, Legal & General has one of the largest and most diverse platforms in the UK. It has successfully scaled up multiple operating platforms 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.

¹ Department for Levelling Up, Housing & Communities - *Affordable housing supply in England: 2022 to 2023* - [Link](#)

² National Housing Federation - [Link](#)

³ Department for Levelling Up, Housing & Communities - *Social housing lettings in England, tenants: April 2021 to March 2022* - [Link](#)

⁴ Legal & General internal data - [Link](#)

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: 5,000 in operation and 3,000 in development with further capital secured to support its growth.

António Simões, Group CEO, Legal & General: "Today's launch is an important step forward in putting pensions capital to work by investing in tangible assets that can help benefit the real economy and enhance local communities. With acute demand for affordable housing across the UK, the public and private sector need to work together to drive change. This Fund builds on L&G's ambition to scale our private markets platform and catalyse our own balance sheet investments by offering our clients new investment opportunities that aim to deliver compelling financial returns whilst tackling real-world challenges."

Ali Farrell, Fund Manager, Asset Management Division, L&G Asset Management: "We're thrilled that ACCESS have committed £125m which will directly increase the supply of affordable homes. With traditional housing associations facing financial pressures, institutional investors, like ACCESS, are proving themselves as reliable partners in directing long-term pensions capital into areas that support society by unlocking more homes."

"With proven investment expertise, having invested client capital into the real estate sector for more than 50 years, we're excited to continue playing our part and look forward to welcoming new partners; the Fund is a prime example of how we bring the best of L&G's catalytic balance sheet capital to the fore, for third-party clients."

Simon Century, Managing Director, Housing, Asset Management Division, L&G Asset Management: "We are uniquely placed to tackle the current housing crisis and deliver more affordable homes given our expertise across fund management all the way through to the development and operations of assets. Having created assets for our own annuity division we're delighted that ACCESS have chosen us as their partner supporting our belief that institutional investment can help play a role in directly benefitting people. It is a real game changer that Legal & General is able to crowd in third party investors, making even more of an impact on tackling the acute shortage of affordable homes."

Cllr Mark Kemp-Gee, Chairman of the ACCESS Joint Committee: "This allocation marks yet another key step in our initiative to diversify in private markets. We have been impressed with L&G's history of delivery in the affordable housing space over a long period and believe this investment partnership will provide robust, stable, long-term financial returns for our members alongside meaningful social benefits."

-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 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.

L&G 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.¹

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.

¹Data as of 31 December 2023.

Further information

Name: Faye Bennett
Role: Head of Residential Communications
Division: Legal & General Asset Management
Email: faye.bennett@lgim.com

Name: Sami Dodangeh
Role: Communications Manager
Division: Legal & General Asset Management
Email: sami.dodangeh@group.landg.com

Name: Andrew Gates
Role: Senior Communications Manager
Tel: +44(0)7702 118262
LGIMprteam@lgim.com
www.lgim.com

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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