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Legal & General steps up affordable housing push, raising £510m to tackle crisis head on

- L&G has received £130m of new commitments, including £100m from London CIV, the investment pool for London Local Government Pension Schemes (LGPS), to invest in affordable housing nationally
- The investment strategy has raised £510m since launching, demonstrating strong client demand for the asset class and an endorsement of L&G's expertise and track record¹ in the sector
- The funds raised to date are expected to deliver approximately 3,500-4,000 homes
- Fundraise builds on Legal & General's strategy of growing its private markets platform and broadening client offering

Legal & General today announced that it has raised £510m for its affordable housing investment strategy as part of the second close of its Affordable Housing Fund ("the Fund"), aimed at tackling the UK's housing crisis head on.

New investors include London CIV, the entity that manages London Local Government Pension Scheme (LGPS) assets, which has invested £100m, alongside social impact investor Better Society Capital. In addition, ACCESS Pool, an LGPS collaboration of Central, Eastern and Southern Shires, has invested a further £20m in addition to a previous allocation in 2024. With severe supply shortfalls in affordable housing across the UK, this additional capital highlights how the public and private sector can come together to build more homes and make a meaningful impact.

Since launching its Affordable Housing Fund in July 2024, L&G's investment strategy has attracted strong investor interest, demonstrating the attractive proposition that the asset class offers institutional investors seeking , inflation-linked returns alongside positive social impact. The additional capital raised builds on previous commitments from Greater Manchester Pension Fund and ACCESS Pool.

The funds raised to date are expected to deliver approximately 3,500-4,000 homes. Alongside completing a second close of the Fund, L&G is announcing that it has seeded the fund with a portfolio of 514 homes, and has exchanged contracts on three funding opportunities to bring forward more affordable housing development. With the current pipeline the Fund expects to have over 1,000 homes either operational or under construction by Q2 2025.

The Fund's assets are developed and operated by Legal & General Affordable Homes ("LGAH"), benefitting from a sector-leading platform in origination and management of affordable housing. With £1bn invested in affordable housing and over 8,000 homes in operation or development since the business was established in 2018, LGAH has an established track record of delivery within the sector.

The level of new affordable homes being built (on average under 55,000 annually over the last decade) falls short of the National Housing Federation's recommendations of c.145,000 a year until 2031 . As 1.3m households sit on local authority waiting lists in England , the Fund will invest in well-designed, purpose-built affordable rent and shared ownership housing in areas of acute need and demand across England.

¹ L&G has invested £1bn in affordable housing since the business was established in 2018

² Ministry of Housing, Communities & Local Government - [Affordable housing supply in England: 2023 to 2024](#)

³ [National Housing Federation](#)

⁴ Ministry of Housing, Communities & Local Government - [Social housing lettings in England, tenants: April 2023 to March 2024.](#)

Ali Farrell, Fund Manager, Legal & General: “The level of interest we have seen in this Fund since its inception last year is a testament to the attractive proposition that investors see in contributing to much-needed affordable housing in the UK, while seeking to invest in steady inflation-linked returns and positive social impact. I am pleased to welcome our new partners as we leverage our sector-leading platform to execute our strategy and deliver high quality housing in areas of acute need.”

Christopher Osborne, Head of Real Estate, London CIV: “Through our LCIV UK Housing Fund, London CIV’s strategy is to help increase the supply of good quality affordable housing in the UK, address an under-served part of the market, and deliver income driven returns to our Partner Funds. We’re delighted to have committed capital into L&G Affordable Housing Fund and to partner with an established manager and platform within the sector. We consider this strategy will both meet our target returns and contribute to providing more affordable homes in the UK.”

Drew Ritchie, Investment Director, Better Society Capital: “L&G will play a leading role in channelling private capital into affordable housing in the coming years, delivering thousands of vital homes for families in need throughout the UK. We’ve relished the opportunity to participate as a challenger and endorser of the Fund’s intended social impact. As a market shaper, L&G can visibly evidence that private capital can be a long-term, sustainable, impact-driven funder of affordable housing. We were keen to back a team and platform sharing that common vision and that are committed to practical measures to help strengthen and reinforce those aims.”

-ENDS-

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 trillion in total assets under management (as at HY24) 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 our Asset Management Division

L&G's Asset Management business is one of Europe's largest and a major global investor across public and private markets, with £1,136bn / €1,324 bn / F 1,274 bn in assets under management⁵.

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.

About London CIV

London LGPS CIV Ltd ('London CIV') is the investment pooling vehicle for London-based Local Government Pension Schemes (LGPS), which have combined assets of £50.8bn AUM (at March 2024). Authorised and regulated by the Financial Conduct Authority ('FCA'), the pool is owned by all 32 London boroughs and the City of London (also known as London CIV's Partner Funds).

65% of London LGPS assets are pooled or under pooled management (c.£32.8bn), as at 31 October 2024. Within London CIV, there are 20 funds that invest in public markets and eight that invest in private markets, all of which have been designed with and are exclusively available to our Partner Funds.

Our purpose is to work together to deliver sustainable prosperity for the communities that count on us all.

⁵ Data as at 31 December 2023

About Better Society Capital

Better Society Capital is the UK's leading social impact investor. Our mission is to grow the amount of money invested in tackling social issues and inequalities in the UK. We do this by investing our own capital and helping others invest for impact too.

Since 2012, we have helped build a market that has directed more than £10 billion into social purpose organisations tackling issues from homelessness and mental health to childhood obesity and fuel poverty, a twelve-fold increase in 12 years.

Key Risk Warnings

The value of investments and the income from them can go down as well as up and you the investor may get back less than the original 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.

The details contained here are for information purposes only and do not constitute investment advice or a recommendation or offer to buy or sell any security. The information above is provided on a general basis and does not take into account any individual investor's circumstances. Any views expressed are those of LGIM as at the date of publication. Not for distribution to any person resident in any jurisdiction where such distribution would be contrary to local law or regulation. Please refer to the fund offering documents which can be found at <https://fundcentres.lgim.com/>

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

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