



LEGAL & GENERAL INVESTS £75 MILLION IN BERNICIA TO DELIVER AFFORDABLE HOMES ACROSS NORTH EAST ENGLAND

LGIM Real Assets (Legal & General) has provided £75 million in long-term financing to Bernicia, one of the largest providers of affordable homes across North East England. With over £1.5 billion invested in affordable housing to date, Legal & General's £75 million investment in housing association Bernicia will support its ambitions to deliver 650 much needed homes to the region by 2023, better supporting the communities where they operate and playing an important role in the economic recovery of the North East.

The coronavirus pandemic has underscored some of the major social issues that need to be addressed – not least income inequality, standards of living and access to healthcare. In a recent poll of more than 2,000 people for the Affordable Housing Commission¹, 13% of adults said their mental health was affected by their housing situation, this rose to 25% for those living in unaffordable housing – where their rent or mortgage equalled more than a third of their total household income.

As the UK population is set to grow by 3.6 million² over the next ten years, there is an ever increasing burden being placed on the affordable housing sector. With 16,000 homes across their property portfolio, and a commitment to build 650 affordable homes in the next three years, Bernicia are playing an important role to help meet demand and provide safe housing to families for whom the private market is out of reach.

Steve Bolton, Head of Private Corporate Debt, Europe, said: "Whilst we have seen a lot of change over the past few months, the fundamental need for good quality, affordable homes has not changed. If Covid has shown us anything, it's that we all need a safe place to call home. Covid, and the actions taken to mitigate its spread, highlight the central role of the home in people's lives.

"Legal & General is uniquely placed to invest annuity money into the UK economy, supporting its long-term pension commitments and creating real assets which provide jobs, housing, productivity and wage growth. This £75 million investment in Bernicia marks another significant milestone for Legal & General's investment in the North East, having recently committed £100 million and £350 million to landmark regeneration projects in Sunderland and Newcastle respectively."

Janette Longstaff, Bernicia Executive Director of Finance, said: "This important investment from Legal & General Investment Management – as the sole investor in the deal - represents a huge vote of confidence in Bernicia's financial strength as well as the wider North East economy.

"It allows us to secure long-term funding at very favourable rates thanks to our strong financial standing and excellent governance.

"The funds, which will be provided in three drawdowns over a two-year period, allow us to not only meet our corporate strategic objectives, but to go much further enabling us to explore strategic opportunities with our local authority partners, support local supply chains and create more opportunities for the people of the North East."

¹ <https://www.affordablehousingcommission.org/news/2020/2/24/housing-crisis-disrupts-family-life-new-opinion-poll-shows>

² <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2018based>

Centrus acted as sole financial advisor to Bernicia, while Trowers and Hamlins acted for Bernicia on the legal aspects underpinning the deal.

Sam Goldman, Director at Centrus, said: “We are delighted to support Bernicia on this landmark transaction, representing the fundamental strength of their business, long-term strategy and their position in and support for the North East.

“The structure provides cost effective deferred funding, with flexible covenants, a foundation that further supports Bernicia in achieving its long-term strategy.”

- Ends -

Further information

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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 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.

LGIM Real Assets

LGIM Real Assets is a division of Legal & General Investment Management (LGIM), one of Europe’s largest institutional asset managers and a major global investor. LGIM manages £1.24tn in assets (as at 30 June 2020), working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM Real Assets has AUM of over £35.9bn (as at 30 June 2020) and is one of the largest private markets investment managers in the UK.

Investing in both debt and equity and across the risk/return spectrum, LGIM Real Assets actively invests in and manages assets across commercial, operational and residential property sectors, as well as infrastructure, real estate, corporate and alternative debt. Taking a long term view in order to future proof its investments, the business continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level.

Bernicia

Bernicia has provided quality homes and services in North East England for more than 50 years, with properties from Berwick-upon-Tweed to Redcar. It has over 60,000 customers, employs 550 staff and has an annual turnover of £75m.

It invests in homes, services and people to make a positive impact on North East communities.