

## Press Release

4 August 2017



## LEGAL & GENERAL ENTERS THE RETIREMENT HOUSING SECTOR

Legal & General announces its establishment of Inspired Villages Group, which is formed out of English Care Villages, a best in class operator and developer of later living accommodation. English Care Villages' high-quality management team is joining Legal & General, following the acquisition of the assets of two joint ventures between English Care Villages and Places for People for around £40m.

Meeting the UK's demographic, healthcare and affordable living needs, and consistent with Legal & General's housing growth strategy, Inspired Villages will accelerate the evolution of the sector. Creating around 3,000 new, quality homes over the next five years; our aim is to become a leading later living housing operator.

The UK continues to have a chronic shortfall of over 100,000 homes per year. According to L&G's Last Time Buyers<sup>1</sup> report, there are 3.3m Last Time Buyers looking to rightsize in the UK. The over 65s age bracket is growing five times faster than the working age population<sup>2</sup>, yet only 7,000 homes were delivered to this sector last year making it the most under-supplied area of the housing market.

Inspired Villages creates an environment and lifestyle choice for people whose existing homes no longer suit their needs. Established in 2009 English Care Villages has worked with Anchor Trust in developing Bishopstoke and Yateley in Hampshire, utilising experience from Richmond Villages. Inspired Villages currently has two schemes, in Warwick and Cheshire, comprising over 300 homes and a GDV of around £110m, creating a safe, secure, social and comfortable village environment in which residents can celebrate the freedom of later life.

With Legal & General's long term financial backing, Inspired Villages will acquire several sites per year. Creating vibrant villages on the edge of and within the UK's towns and cities, it is looking to build where people want to live. Most retirees move less than five miles from their home when they right-size and want to have access to family, friends and facilities. Each village offers a wide choice of homes that will suite different lifestyles. These single level homes will start from £250,000. The hub of the village is set around the village square with landscaped gardens, restaurants, gym, social activities and access to appropriate care.

**Nigel Wilson, CEO of Legal & General, says:** "Despite the fact that the UK is a great place to invest, thirty years of chronic underinvestment have led to poor productivity, inadequate real wage growth, market failures and low economic growth. Later living is a classic example of underinvestment; it has now been added to Legal & General's £15bn UK direct investment programme."

<sup>1</sup>A Last Time Buyer is defined a home owner aged over 55, whose house is under-occupied (has two or more spare bedrooms) and who has expressed a preference to downsize their property at some time in the future

<sup>2</sup> The UK's fastest-growing age group (people aged 65 and over) is projected to grow by 20.4% between 2014 and 2024, whereas the working age population are projected to grow by 3.6% over the same period.

**Phil Bayliss, Head of Later Living at Legal & General Capital, says:** “It is widely recognised that the UK is underprepared to support its ageing population. Over 3m over 65s are looking to downsize and only 7,000 housing with care properties are being built each year. The UK suffers from a chronic undersupply of age-specific housing as well as spiralling health and social care spend. We believe our long term capital can deliver significant housing, health and wellbeing benefits for those in later life.

“Through our investment in Inspired Villages, we are partnering with a best in class management team who have the track record of delivery and a like-minded long term vision to create sustainable communities that support people through their later life. Our homes will provide our customers with an opportunity to use equity locked up in houses that are too big to manage to improve their quality of life and remain in their communities.”

**Keith Cockell, Chairman of Inspired Villages, says:** “There is no household in the UK that isn’t faced with the challenges of an ageing family member. With more of the population celebrating their 70th birthday than at any time in our history, we will deliver new homes and a lifestyle to enable these baby boomers to age with grace. By design we can create great places for people to live. Our master planning will echo the environment found in our very best communities, where everybody is connected by their proximity to one another. The people who live in and visit our villages, will make them great places for everyone.”

**Jamie Bunce, CEO of Inspired Villages, comments:** “With Legal & General’s investment in Inspired Villages we will create communities across the whole of the UK where people want to live. We will reinforce the family ethos with support and services provided as required. An Inspired Village is more than just bricks and mortar, we are creating positive environments where people can remain socially engaged, comfortable, safe and secure while they enjoy later life.

“Our well qualified, highly motivated operational and development teams are very excited about what can be achieved through Inspired Villages with Legal & General’s support. We can truly make a difference to so many people’s lives in ensuring superbly designed living environments are created across the UK.”

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**Notes to Editors:****Inspired Villages**

<http://www.inspiredvillages.co.uk>

Inspired Villages will create an outstanding quality of life within a flexible care environment for residents and the wider community. The first phase of its two schemes in Warwickshire and Cheshire are now complete, with the next phase, which includes the central core facilities, both under construction. Each Inspired community offers a range of pricing levels across a collection of single level apartments. Surrounded by first class facilities, these are set in a safe and secure village environment. Its philosophy is to create beautiful homes, unique environments and thriving communities that are age appropriate and can support people in making the most of their wellbeing as they move through later life. The Chairman, and vision behind Inspired Villages, is Keith Cockell, who brings decades of experience in the conception and creation of retirement communities across the UK. The senior management team is headed by CEO, Jamie Bunce with the core management team in place to develop and operate a significant number of new communities across the UK in the next few years.

**Legal & General in Housing**

A natural evolution and fit for its multi-tenure housing investment strategy, Legal & General has been involved in supply side housing activities for nearly 20 years. These include:

- Bringing housing back to the centre of the UK's cities through large scale regeneration, such as Salford, Plymouth, Liverpool, Bracknell, Newcastle and Canning Town
- Its stake in house builder CALA Homes, which is on track to deliver an annual revenue exceeding £700m in 2017 (versus £241m revenue in 2013)
- Legal & General's total investment capability for the Build to Rent (BTR) sector currently stands at circa £1 billion. It has secured over a 1,500 homes under construction or in planning, with sites in Bristol, Salford, Bath, Leeds and Walthamstow, and has a pipeline of over 2,600 additional future projects
- Delivering its first new housing community on a 250 acre site in Crowthorne, Berkshire, Legal & General Homes is set to deliver 1,000 new homes, a primary school, care home, community facility and a 140 acre nature reserve
- Revolutionising the construction industry through its Leeds modular housing factory

It is also a significant investor in social housing, care homes and student accommodation. This holistic approach provides Legal & General with the mechanisms to deliver high quality returns throughout market cycles by pivoting investment to where the need is greatest.

**Legal & General Capital**

Legal & General Capital (LGC) is the early-stage investment arm of Legal & General Group. Investing from Legal & General's principal balance sheet, LGC's purpose is to generate long-term shareholder value by injecting new capital into key sectors where there has been a shortage of investment and innovation. Focused on Housing, Infrastructure (Urban regeneration and Clean Energy) and SME Finance, these key sectors reflect our aim to invest for the long term in economically and socially useful assets, to secure competitive returns and to create new asset classes for Legal & General's varied investment requirements, for our partners and for the wider marketplace.

**Legal & General Group Plc**

Established in 1836, Legal & General is a leading provider of insurance, savings and investment management products in the UK. The Group has a market capitalisation of £16.1bn (as at 2 August 2017) and is responsible for investing £894bn worldwide (as at 31 December 2016) on behalf of investors, policyholders and shareholders.

Legal & General has over seven million customers in the UK for life assurance, pensions, investments and general insurance plans and over one million customers in the US who rely on us for life assurance.

For full year 2016, Legal & General's adjusted operating profit (IFRS basis) was £1,628m and adjusted earnings per share were 22.20p for the period, an increase of 11% and 19% respectively. Net release from operations (net cash) was up 12% to £1,411. Full year dividend was up 7% to 14.35p, with adjusted return on equity at 19.6%. Legal & General Retirement new business was £8.5bn, and annuity assets were up 25% to £54.4bn. Group wide direct investments were up 39% to £10bn.