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AGENDA.

- Introduction
- House builders vs working at Legal & General
- Legal & General: What we have done
- 3 key residential investment strategies
 - Build to rent
 - Retirement living
 - Modern methods of construction
- Changes required to economic and political policy
- Summary thoughts

WHAT WE HAVE DONE: DIRECT INVESTMENTS



- University of Hertfordshire
- £145m infrastructure debt and equity investment for a 50 year concession period



- Imperial College, Clapham
- £116m, 43 years income
- 566 postgraduate studio rooms



- University of Southampton
- £93m, 40 years income
- 1,104 beds



- University of Greenwich
- £43m, 37 years income
- 358 beds



- University of Arts, London
- £58m, 28 years income
- 475 beds

The heart of
student living



- Unite Group
- £121m, 10 year facility
- £149m, 9 year facility

WHAT WE HAVE DONE:

DIRECT INVESTMENTS



- Purchased housebuilder alongside Patron for £210m
- In March CALA acquired Banner Homes, representing strong strategic fit
- “Double the size in 3 years”



- Methodist Care Homes
- £70m long term (30 year) RPI linked lease.



The Hyde Group
Making a lasting difference

- Hyde Housing Group
- £102m, 15-year facility

Sentinel

- Sentinel Housing, private placement (registered social housing provider in Hampshire). £15m. 30 years outstanding



- £252m investment
- 50 year lease
- Acquiring 4,000 homes
- Building 7,00 houses



- 25 year loan to Thames Valley Housing Association (£40m)
- NHS key worker accommodation

PRS / Build to rent – Enough talk, more action!

The issues are well documented - what we need now is less talk and more action.

We need a more universal approach to **planning policy** and **licensing schemes** to encourage substantial investment.

- DCLG's Code of Practice
- LAs own licensing schemes

ULI UK Residential Council:

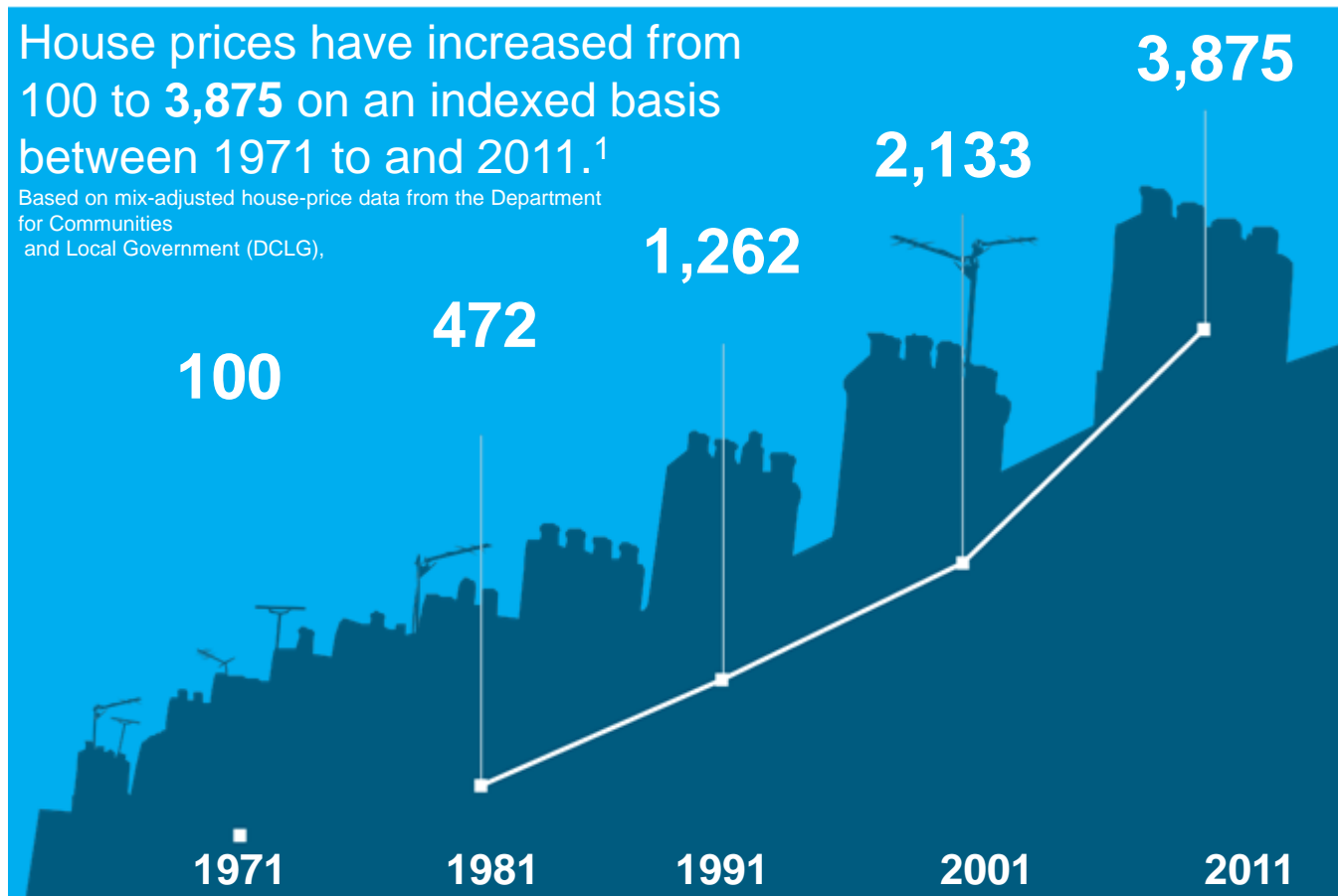
BUILD TO RENT: A BEST PRACTICE GUIDE



Retirement living – the ‘Intergenerational Wealth Gap’

House prices have increased from 100 to 3,875 on an indexed basis between 1971 to and 2011.¹

Based on mix-adjusted house-price data from the Department for Communities and Local Government (DCLG),



Retirement living – the ‘Intergenerational Wealth Gap’

Key facts – the ‘**haves**’ and the ‘**have not's**’ of the housing market

England – 83% of those aged over 60 own their own home

(64% of those do not have a mortgage = £1.2trn of un-mortgaged wealth!)

90% of first time buyers need financial help from their family

- We cannot be reliant on house price inflation to fuel consumer led economic growth
- Retirement living homes suit a relatively narrow proportion of the population – what about the squeezed middle?

Modern Methods of Construction - Construction Industry Capacity

There is a clear need to increase capacity in the construction industry to meet housing needs

- Previous expansion left many companies vulnerable during downturn – **‘once bitten twice shy’**
- A more stable demand will encourage investment in increasing capacity
 - PRS, affordable housing, student accommodation etc.
- Longer term investment is required which looks beyond the cyclical housing market.

Housing Delivery – the economic and political context

Planning

- What will it take to create a planning system with the ability to be as dynamic as the market?

Land banking

- How do we move beyond the rhetoric?

Flexible housing tenure

- What approaches are required to discourage housing market bubbles?

Right to buy

- How do we stem the loss of affordable housing?

Summary thoughts

- There is a great opportunity for long-term patient capital to invest in housing delivery.
- Cross party agreement exists on the need for significant new housing to move at pace.

The current political and economic context creates the best opportunity for many years to deliver over 200,000 new homes per year

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