

***New Communities Partnership launched to deliver
£1 billion of new UK housing***

Kier Living, Cheyne Capital and The Housing Growth Partnership launch:

- **£1bn fund to help public sector to build 10,000 new homes**
- **Innovative turn-key solution to accelerate house-building**
- **Unique public private sector partnership supported by the Homes & Communities Agency (HCA)**

EMBARGOED UNTIL 3rd May 2016:

A unique £1bn housing delivery fund has been launched today (03 May) by Kier Living, The Cheyne Social Property Impact Fund (managed by UK-based investment manager Cheyne Capital) & The Housing Growth Partnership (a joint venture between the HCA and Lloyds Banking Group) with ambitions to help the public sector to build 10,000 new homes across the UK.

The New Communities Partnership (“the Partnership”), a unique public-private alliance supported by the HCA, will provide local authorities and housing associations with an innovative delivery model for building new homes on their own land, giving them the option to choose between sale and/or rental developments, and offers significant scope for affordable development.

Working with the Partnership, public sector organisations will be able to determine the appropriate mix of tenure for their site, including rental homes and homes for sale, in a model designed to meet the needs of their specific communities, without the need for grant funding. Homes available for rent will include discounted and market-rent solutions to address housing challenges faced by key workers, the disabled and the elderly, while homes to be built for sale will include discounted sale units to help first time buyers get on the housing ladder.

It will also provide public sector clients with potential scope to derive a revenue income from their land, whilst developing in a socially responsible way that will offer local apprenticeships, wider employment and sustainable, economic benefits for communities.

The collective expertise of the partners spans the lifecycle of home building, offering an end-to-end development solution that includes procurement, funding, site assembly, construction, sales, management and maintenance, tailored to be as comprehensive or as focussed as each public sector client needs.

With traditional developments only having delivered an average of 11% of affordable housing over the past 3 years¹, the partnership will provide a differentiated model that will increase significantly the amount of affordable homes built, with scope for up to 50% of each site to offer affordable development opportunities.

¹ According to DCLG calculations using DCLG live tables 123, 1011 and 1000.

The New Communities Partnership is founded on five key principles:

- **GROWTH:** to address a key economic and social issue, the acute shortage of housing across the United Kingdom
- **COLLABORATION:** to partner with the public sector to build sustainable, inclusive communities where local economies and families can thrive, and which support local job creation
- **AFFORDABILITY:** to deliver more affordable, practical homes than conventional developments can provide
- **RESPONSIBILITY:** to reinvest a proportion of partnership profits in associated initiatives supporting youth, architecture, innovation and the environment
- **EXPERTISE:** to capitalise on the market leading construction and financial skills of Kier Group plc, Cheyne Capital and the Housing Growth Partnership

Lloyds Bank Commercial Banking will provide banking services and financing solutions to the Partnership

John Anderson, Executive Director of Kier Living said, “We are excited by the establishment of this partnership which will focus £1bn of investment into the development of much-needed housing throughout the country. It will bring scale and momentum to Kier’s tried-and-tested mixed-tenure housing delivery model, for public sector clients across the UK who hold land but don’t have the capacity to develop new housing.

“Through this unique public private sector partnership with experienced finance and development partners Kier, Cheyne and the Housing Growth Partnership, we are collectively offering an end-to-end solution to building much-needed new homes.”

Shamez Alibhai, Head of Cheyne’s Social Property Impact Fund, commented, “We believe that bringing responsible private capital into the UK housing sector is necessary for tackling the increasing shortfall of genuinely affordable homes across the country. The long-term investment horizon of our socially-conscious institutional investors means that we are able to provide patient capital to work with Kier Living and the HGP in delivering a new socially-inclusive, multi-tenure building model that helps alleviate the current housing crisis.”

Andy Hulme, CEO of The Housing Growth Partnership added, “The Housing Growth Partnership was formed to address the challenge of housing supply and affordability in Britain today. Working alongside Kier Living and Cheyne Capital through the ‘New Communities Partnership’ should stimulate further growth in residential development projects and enhance access to affordable housing. The alliance will also complement our core purpose to accelerate home building throughout the UK.”

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Kier Living

Kier Living, the residential division of Kier Group (FTSE 250 company with 24,000 employees), brings together a wealth of resources and expertise to deliver housing projects nationwide. With an offering that spans a wide range of tenures, from open market sale and private rental to affordable rent and shared ownership. Kier also has the capability to support every stage of the development

cycle, from site identification and assembly, funding, planning and construction through to ongoing management and maintenance, disposal and renewal.

Working in partnership with registered providers, government agencies, local authorities and the private sector, Kier Living creates aspirational and regenerated communities and brings fresh thinking to the design and delivery of housing solutions. Current projects Kier Living is delivering with local authorities span the country ranging from providing 71 homes across three sites for Leeds City Council, a 300-home scheme for Birmingham Municipal Trust and the 250-home Hengrove Park development for Bristol City Council.

Kier Living in numbers:

- We deliver 2,200 homes per year
- By 2020 we will build 4,000 homes every year
- We deliver over 2 million sq ft of residential space every year
- 50% of the homes we deliver each year are affordable or starter homes
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About the Cheyne Social Property Impact Fund

The Cheyne Social Property Impact Fund was launched by alternative asset manager Cheyne Capital in November 2014 in order to help tackle the chronic shortage of housing solutions for disadvantaged groups in the UK. The Fund is a socially responsible landlord which works with high impact, social sector organisations, including local councils that are delivering services in the UK including social / key worker housing, elderly extra care, adult social care and supported living for people with physical and / or learning disabilities. The Fund launched with support from a range of investors including Big Society Capital, who worked closely with Cheyne Capital to anchor the Fund with a seeding commitment.

About The Housing Growth Partnership

The Housing Growth Partnership (HGP) was established in 2015 as a joint venture between Lloyds Banking Group and the Homes and Communities Agency, who have each committed an initial £50m to the initiative. The aim of the business is to invest equity in residential developments through partnering with housebuilders with a proven track record in land buying, design, construction and sales of new homes with the ultimate goal of accelerating the building of new homes across the UK

Visit the website for more details: www.housinggrowth.com

The Homes and Communities Agency (HCA) is an executive non-departmental public body, sponsored by the Department for Communities and Local Government.

Lloyds Banking Group is an investor in the housing Growth Partnership and a leading UK-based financial services group providing a wide range of banking and financial services, focused on personal and commercial customers.

In addition to the Housing Growth Partnership, Lloyds Banking Group has been addressing housing demand in a number of ways:

- Last year we helped 1 in 4 first time buyers get on the housing ladder and plan to continue our support as part of our Helping Britain Prosper Plan.
- We have lent over £2.5bn to the customers of the national Help to buy scheme.
- We are lending over £12bn to housing associations, supporting them for over 25 years.
- These form part of our wider commitment to help Britain prosper. We're using our scale, influence and expertise to help them tackle these issues through our Helping Britain Prosper plan.

