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L&G Industrial Property Investment Fund (IPIF) agrees new £550m debt facility

LGIM Real Assets (Legal & General) announces the completion of a £450m refinancing for its Industrial Property Investment Fund (“IPIF”/” the Fund”), with the potential to extend the facility to £550m subject to lender support.

The debt facilities include a £200m long-term fixed rate loan, allowing investors to benefit from the low interest rate environment, and a £250m revolving credit facility so the Fund can respond to market opportunities as and when they arise. Funding will be provided by a syndicate of relationship lenders including lead agent Wells Fargo Bank N.A., as well as RBS International and Lloyds Bank.

The Fund, which is valued at over £2.3bn, specialises in multi-let industrial and trade assets largely in the South East of England. As at the end of June 2020, it had delivered the highest returns in the AREF index over 3, 5 and 10 years, with for example the Fund delivering a return of 16.2% pa over the last 3 years compared to the PFI all-property index return of 3.9% pa. During the lockdown period, the Fund remained “open” and has received no redemption requests.

New financing for the Fund was agreed following its conversion from a closed-end, fixed-life vehicle to an evergreen open-ended fund, allowing for more availability of finance options.

Jonathan Holland, Senior Fund Manager of IPIF at LGIM Real Assets, said:

“The securing of a new debt facility for the Fund will help boost our investment capacity and take advantage of new market opportunities, including a rise in demand for e-commerce and last-mile warehouse facilities.

“The Fund has remained incredibly resilient during the lockdown period, continuing to significantly outperform the market, retain high occupancy levels and secure high-value deals across transport corridors in the South East of England. Over the coming months, we will continue to push forward with the Fund’s strategy, looking for new opportunities to broaden our leading position in the mix-box development market.”

Max Sinclair, EVP and Head of UK Commercial Real Estate (CRE), at Wells Fargo, said:

“This is a high quality business which continues to provide first class returns to its investors, and despite challenging current market conditions it has shown strong resilience. Acting as the lead agent, we are delighted to have been given an opportunity to extend and deepen our relationship with IPIF alongside our co-lending peers.”

- Ends -

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Notes to editors**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 £1.2tn in assets (as at 31 December 2019), working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors. LGIM Real Assets has AUM of £30.8bn (as 31 December 2019) 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.

Legal & General Group

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 almost £1.2 trillion in total assets under management at 31 December 2019, we are the UK's largest investment manager for corporate pension schemes and a UK market leader in pensions de-risking, life insurance, workplace pensions and retirement income. We have also invested over £25 billion in direct investments such as homes, urban regeneration, clean energy and small business finance.