



## Legal & General invests £70m in Saxon Weald with sustainability-linked private placement

**Marking its eighth ESG-linked deal in the corporate debt space to date, LGIM Real Assets (Legal & General) provides Saxon Weald with sustainability-linked long-term financing to deliver new, energy efficient homes.**

LGIM Real Assets (Legal & General), on behalf of its Corporate Debt team, announces today that it has provided Saxon Weald £70m of sustainability-linked financing, to accelerate the UK's development of new, affordable energy efficient homes. Centrus acted as the sole arranger.

Managing approximately 6,750 homes across Sussex and Hampshire, Saxon Weald is a housing association providing affordable rented and shared ownership homes for individuals and families, as well as properties exclusively for the over 55s. The proceeds of LGIM Real Assets' investment will be used to finance new homes, designed to be energy efficient – with Saxon Weald targeting EPC A ratings on all new builds.

With rising energy bills, the efficiency of our homes has never been more in focus. The housing sector also remains a major contributor to carbon emissions, with heating and hot water for UK homes accounting for 25%<sup>1</sup> of total energy use and 15%<sup>2</sup> of the UK's greenhouse gas emissions. If the UK is to meet net zero and be fit for the future, the housing sector requires rapid and radical change. This presents the social housing sub-sector with an immediate challenge – where private sector support will be key.

Tackling this, via a forward-thinking pricing structure with sustainability at its core, Saxon Weald will receive a discount on the coupon provided it meets ambitious energy efficiency targets – better supporting the communities in which Saxon Weald operate, and more widely, playing an important role in the South-East's energy transition.

Highlighting Legal & General's longstanding ESG agenda, today's investment brings LGIM Real Assets' investments with ESG-linked credentials in the corporate debt space to over £400m, spanning the Social Housing, Higher Education, and Corporate sectors. A significant proportion of this financing has gone towards the social housing sector specifically, supporting some of the UK's largest social housing providers across major cities and regions\* with their decarbonisation and social impact ambitions.

Centrus worked with Saxon Weald to develop strategy and provide transaction advice. Legal counsel was provided by Devonshires and Addleshaw Goddard.

**Steve Bolton, Head of Corporate Debt, Europe, LGIM Real Assets, commented**, said: "There's a stark, deep-rooted supply-demand imbalance when it comes to good quality, affordable housing in the UK. This, with the backdrop of rising energy bills and need to transition to a low carbon economy, demands innovation within the social housing sector.

With an established track record and enduring appetite, we're pleased to complete another significant investment in this space and further demonstrate our commitment to the future of the UK's housing provision. This investment marks yet another example of inclusive capitalism at work, delivering a return to our pension holders whilst also benefitting our local communities."

**Michael Chinn, Executive Director, Resources, Saxon Weald**, added: "The new funding forms a core part of delivering our sustainability strategy and in continuing our objective of providing affordable homes. I'm particularly pleased with how well the teams at LGIM Real Assets and Centrus, assisted by Devonshires, structured the new funding to fit our aim to enhance the delivery of sustainable homes for our customers."

<sup>1</sup> The % of energy can be calculated from data provided in the ECUK release:

<https://www.gov.uk/government/statistics/energy-consumption-in-the-uk>

<sup>2</sup> The % of carbon can be calculated from data provided in the UK GHG release here: <https://www.gov.uk/government/statistics/final-ukgreenhouse-gas-emissions-national-statistics-1990-to-2018>

**John Tattersall, Senior Director, Centrus** said: “We are delighted to have worked with the teams at both Saxon Weald and LGIM Real Assets to structure this sustainability linked private placement. The facility will help deliver more energy efficient, affordable homes across the Southeast of England, in addition to facilitating investment in the existing stock to further improve energy efficiency.”

\*North East of England, South East of England, London, Manchester.

## Notes to editors

### About LGIM Real Assets

LGIM is one of Europe’s largest institutional asset managers and a major global investor. LGIM manages £1.4 trillion in assets\*, working with a range of global clients, including pension schemes, sovereign wealth funds, fund distributors and retail investors.

LGIM Real Assets has assets under management of £39 billion\* 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 to future proof our investments, LGIM Real Assets continues to lead the industry in ESG performance, considering all environmental, social and governance issues at asset level as well as portfolio level.

\* at 31 June 2021

### Centrus

Centrus is an independent financial services group that believes in finance with purpose. We specialise in corporate finance, analytics and investment management and are united by a culture that values imagination, energy and purpose. We believe this can unlock significant value for our clients and their communities. Above all, we’re working towards a more modern financial landscape. It is a simpler and more responsible way of doing business by delivering real money and tangible benefits to the real economy.

### Our areas of expertise include:

- Corporate Finance
- Analytics
- Investment Management

**Our business is built on valued long-term relationships underpinned by trust, respect, integrity and expertise.** We serve clients in a broad range of sectors, including, but not limited to:

- Corporates and Financial Institutions
- Economic and Social Infrastructure
- Education
- Energy and Utilities
- Transportation
- Residential and Real Estate

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