

Euro Week: Safety first as JLIF scores £131m success

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John Laing Infrastructure Fund, a closed-end investment company, completed a £131m open offer and placing on Monday. The deal was strongly supported by private clients and fund specialists even amid choppy market conditions.

The fund had set out at the end of September to raise between £66m and £155m from the sale of shares at the fixed price of 105p each through sole bookrunner JP Morgan. It was not underwritten but required a critical mass of support so that JLIF could acquire a new portfolio of assets.

"It's a genuinely good result in rocky times," said one banker. Another closed-end investment fund — the Babson Capital Global Floating Rate Loan Fund — called off a £125m IPO this week, blaming market conditions. It was being set up to invest in leveraged loans — a far cry from the JLIF story of stable dividend yields backed by government-related income. Liberum Capital was sole bookrunner for the Babson deal.

Some existing shareholders and a variety of new investors bought the JLIF stock following a marketing effort over the last couple of weeks.

"We are delighted to have raised £130.7 million in such highly volatile stock market conditions and when the investment capacity of some investors has been reduced significantly," said Paul Lester, chairman of JLIF. "We have found investors continue to be attracted to our proven, low risk model, which seeks to provide a high, predictable dividend yield, at a time when other financial instruments are offering historically low returns."

The open offer was fully pre-emptive on the basis of one new share for every two existing shares.

JLIF has been active since its IPO raised £270m in November 2010 to acquire 19 operational, infrastructure PFI/PPP projects from the John Laing Group.

In April, the company raised an extra £27m through a tap issue to purchase an additional stake in one asset and three new assets from John Laing.