LXi REIT plc seeks to deliver inflation-protected income and capital growth underpinned by a carefully built portfolio of secure, long-let and index-linked UK property assets, diversified by sector, tenant and region.

The Company is a UK Real Estate Investment Trust ('REIT') listed on the premium listing segment of the Official List of the Financial Conduct Authority. The Company is a constituent of the FTSE 250 INDEX and the EPRA/NAREIT Index.

Investment objectives and strategy

We seek to deliver inflation-protected income and capital growth through investing in a diversified portfolio of UK property assets with long-term, index-linked leases to institutional grade tenants across a wide range of sectors.

We focus on acquiring property in structurally supported sectors with defensive characteristics and a strong residual land value. Our strategy for returns and growth is built on:

- **Inflation-protected, long-term income** through regular index-linked rent reviews, with **96%** of our passing rents subject to RPI, CPI or fixed uplifts and an **average remaining lease length of 22 years to first break**
- **Forward funding pre-let developments** by investing in forward funded developments through which we fund the construction of assets - always avoiding exposure to development, letting or planning risk - **at significant discounts to built values that has averaged 13%**
- **Accretive recycling of capital** by selling assets and reinvesting the proceeds at an acquisition yield (**averaging a 5.6% NIY)** significantly wider than our portfolio valuation yield (**4.5%**), predominantly through off market forward fundings. **To date we have recycled over £190m of capital generating an average geared IRR of 24% pa**

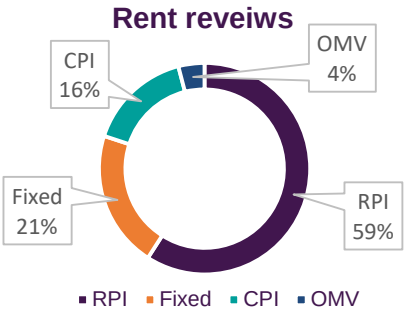
Wide range of quality tenant operators

ALDI, LIDL, COSTA, Waitrose, GE, Premier Inn, TESCO

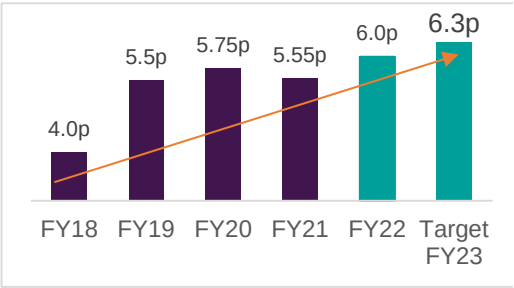
Our portfolio

Secure	Diversified	Predictable	Growth
Our income is secure. The portfolio WAULT of **22 years to break**, and the income is secured against **over 70** separate tenants in **structurally supported sectors**. Our blended acquisition yield of **5.6%** is **275** bps above our fixed cost of debt of **2.85%** pa.	Our portfolio is diversified. We have invested in **11 property sectors** and over **70 tenants** bringing significant **diversification** to spread our exposure. This also gives us the flexibility to transact where we see the best opportunity to provide value to our shareholders.	Our income is predictable. All of our leases contain regular upward only rent reviews, **96%** of which are either **index-linked** uplifts with **74%** containing a collared or fixed uplift **averaging 1.6% pa**. This coupled with the length of our leases means our earnings are **predictable**.	We have transacted on **83** forward funded/forward committed acquisitions which offer a **significant discount** to built values and our network has helped us source **the vast majority** of our transactions **'off market'** providing value to shareholders at the point of transaction.

Rent reveiws



Dividend per share growth



Sector weighting

Foodstores & Essentials	24%
Industrial	18%
Hotels	15%
Healthcare	9%
Car parks	6%
Garden centres	5%
Life sciences	4%
Drive-thru coffee	4%
Pubs	4%
Education	3%
Other	8%

Indicative timetable

Prospectus published	20 January 2022
Issue opens	21 January 2022
Issue closes	9 February 2022
Announcement of the results of the Issue	10 February 2022
Admission and commencement of dealing	14 February 2022

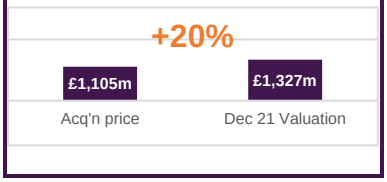
Financial and operating highlights

139.5p
eNAV / EPRA NTA
December 2021
+42% NAV growth since 2017 IPO

11.1% pa
Average total NAV return
Vs. 8%+ target

5.6%
Average NIY
On acquisitions
Vs. 4.5% valuation yield providing capital growth

Portfolio valuation

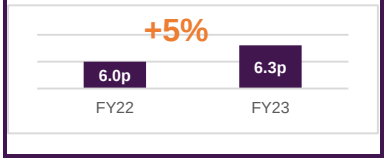


6.3p
2022/3 DIVIDEND TARGET
+5% on current year and 4.4% yield on issue price

100%
12-month
Rent collection
Resilient portfolio

22 years
Average lease term
to first break

FY2023 dividend target

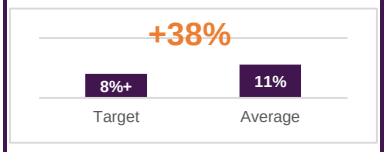


25%
Pro-forma LTV (30 Sep 2021)
Comfortably below both 35% borrowing policy cap and 50% banking covenant

12 years
Term loan
Maturity
Fixed low debt cost provides visibility on dividend growth

2.85% pa
Average fixed cost
of term loans
275 bps below average NIY

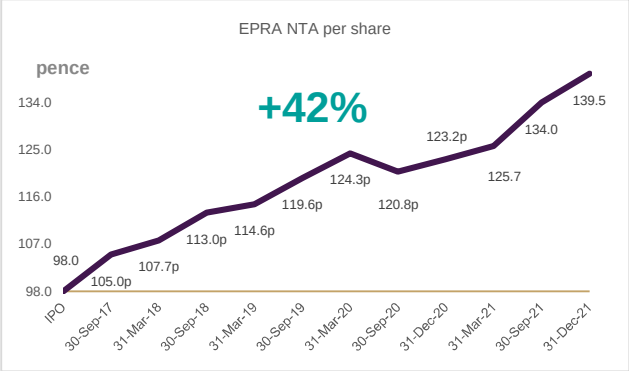
Average NAV return



Market opportunity

- **96% income index linked or fixed** providing embedded income growth with **74% containing fixed or collared uplifts averaging 1.6%**
- **Inflation growth forecast materially higher than open market** rental growth forecast
  - **RPI growth to average 3.4% pa** from 2021 to 2025 *(source: HM Treasury Forecasts for the Economy)*
  - **Open market rental growth to average 1.1% pa** from 2021 to 2025 *(source: IPF UK Consensus Forecasts)*
- **Conservative gearing providing a 275 bps spread** between triple-net rental income (5.6% average NIY) and low fixed cost of debt (2.85% pa) **rising to c. 500 bps by expiry of the loan term** (assuming a 2.5% pa rental growth rate based on the average pa growth forecasts for RPI / CPI over the next five years)

NAV growth since IPO



Key individuals

John White – Co-Manager

- 34 years' property industry experience
- Previously Partner at Cushman & Wakefield. Qualified Chartered Surveyor, Fellow of RICS

Simon Lee – Co-Manager

- 20 years' property industry experience
- Qualified and practised as a solicitor at City law firm, Slaughter and May

Stephen Hubbard – Non-Executive Chair

- Previously Chairman of CBRE UK, spending 40 years at the firm
- Advisory Board of Redevco
- Currently Chairman of Workspace Group plc

Key risks

Investment risk The value of the Company's shares and the income from them can fall as well as rise. Past performance is not a guide to future performance.

Property risk Property performance will depend on general real estate market conditions. An adverse change in valuations could lead to covenant breaches and/or a reduction in revenues which could detrimentally affect the Company's ability to pay dividends. The Company's ability to grow may be affected by competition for investment properties in the sectors in which the Company invests.

Financial risk A lack of debt funding at appropriate rates may restrict the Company's ability to pay dividends and to acquire further assets. The Company must be able to operate within its banking covenants, any default could result in debt funding being recalled and, in such cases where a specific remedy were not available, it could result in the forfeiture of an asset to a lender. This could result in a partial or total loss of equity value for each asset and the Company.

Corporate risk There can be no guarantee that the Company will achieve its investment objectives, including the dividend and total return targets. The Company is reliant on the performance and the continuance of the Investment Advisor. The termination of the Investment Advisory Agreement would severely affect the ability of the Company to manage its operations.

Taxation risk The Company operates as a UK REIT and has a tax-efficient corporate structure, with advantageous consequences for UK Shareholders. Any change to the Company's tax status or in UK tax legislation could affect its ability to achieve its investment objectives and provide favourable returns to Shareholders.