

Acquisition

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LXI REIT PLC
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LXI REIT plc

(the "Company" or "LXI REIT")

ACQUISITION OF Q-PARK, ROCKINGHAM STREET, SHEFFIELD

The Board of LXI REIT plc (ticker: LXI) is pleased to announce that it has exchanged contracts to acquire the Q-Park car park at Rockingham Street, Sheffield (the "**Property**"). The purchase price is £19.1 million (excluding purchaser's costs), reflecting a blended net initial yield of 5.20% on the asset acquisition.

The car park, which comprises 96% of the Property, is let to Q-Park Limited with a lease guarantee from its parent, Q-Park N.V., which forms part of the Q-Park group, one of Europe's largest car park operators. This lease has an unexpired term of over 28 years (expiring in August 2045), without a break, and is subject to five yearly upward only rent reviews index-linked to the Retail Price Index (collared and capped at 2.5% p.a. and 5% p.a. compound). The next rent review is due in August 2020.

Purpose-built for the tenant in 2010, the Property is a six-storey, 531-space car park that is well situated in the heart of the city centre and adjacent to a well-established retail and leisure area of Sheffield, which is the country's third largest metropolitan local authority area in the UK.

The 4% balance of the Property is let to a leisure operator for use as a bar/restaurant with an unexpired lease term of over 19 years with no break (expiring in August 2036), which is subject to five yearly upward only open market rent reviews. The next rent review is due in August 2021.

The acquisition is being funded from equity resources, with senior debt finance expected to be introduced in the near term. Completion of the purchase is expected to occur on 12 April 2017.

John White, Partner of LXI REIT Advisors Limited, commented:

"With an unexpired lease term certain of over 28 years, an RPI rent review and a strong covenant in Q-Park, this investment generates a secure, very long term and index-linked income.

The next rent review in 2020 will provide a reversionary yield of 5.82% p.a. on the basis of just the minimum 2.5% p.a. uplift, with 25 years still unexpired on the Q-Park lease at that point in time.

We are also at an advanced stage on a number of attractive forward funded pre-let and standing assets, leased to institutional grade tenants, which meet the Company's investment criteria."

For further information, please contact:

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NOTES:

The Company intends to become a real estate investment trust ("**REIT**") and invest in UK commercial property assets let, or pre-let, on very long (typically 20 to 30 years to expiry or first break), inflation-linked leases to a wide range of strong tenant covenants and will look to invest across a diverse range of target sectors. LXI REIT may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. LXI REIT will not undertake any direct development activity nor assume direct development risk.

LXI REIT is targeting a minimum annual dividend of 5 pence per ordinary share, starting from the financial period commencing 1 April 2018, with the potential to grow the dividend in absolute terms through upward-only inflation-protected long-term lease agreements, and is targeting a net total shareholder return of 8 per cent. plus per annum over the medium term.

The Investment Advisor, on behalf of LXI REIT, has already identified a substantial pipeline which should allow initial capital raised at the Company's IPO to be substantially invested or committed within six months following admission.

Further information on LXI REIT is available at www.lxireit.com

This information is provided by RNS
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