

Acquisition

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LXI REIT PLC
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LXI REIT plc

(the "Company" or "LXI REIT")

FORWARD FUNDED INVESTMENT IN A NEW PRE-LET MANUFACTURING AND HEAD OFFICE FACILITY FOR GE OIL & GAS

The Board of LXI REIT plc (ticker: LXI) is pleased to announce that it has exchanged contracts on the pre-let forward funding acquisition of a new manufacturing and head office facility for the GE Oil & Gas group in Cramlington, Northumberland (the "Property"). The total funding commitment is £11.09 million (excluding purchaser's costs), reflecting a net initial yield of 5.75% on the asset acquisition.

The Property has been fully pre-let to GE's Oil & Gas subsidiary, PII Ltd, whose lease obligations are guaranteed by its parent, GE UK Group. PII Ltd is one of the industry leaders in inspection and integrity services for gas and liquid pipelines. GE UK Group, the guarantor, has net assets of £1.4 billion and its ultimate parent is General Electric, an American multinational conglomerate corporation listed on the New York stock exchange with a market cap of \$260 billion.

The lease will run for a term of 20 years (with no tenant break right) from completion of construction works and is subject to five yearly upward only rent reviews index-linked to the Retail Price Index (collared and capped at 1.5% p.a. and 3.5% p.a. compound).

The Property, to be purpose built for the tenant to a high specification as its new headquarters office and industrial facility, will comprise of a 74,110 sq ft two storey office and double height industrial space with associated car parking, service yards and landscaping.

The transaction takes the form of a forward funded purchase and leaseback to the tenant, who has been based at the site for over 30 years.

The Property is situated on North Nelson Industrial Estate in Cramlington, Northumberland, an established and mixed-use business park which has attracted a number of significant occupiers. The site benefits from excellent road, rail and air connectivity with close proximity to the A1, which connects to the M1 and M6 motorways, as well as Newcastle International Airport and Newcastle city centre.

Full planning consent has been granted, the tenant pre-let has exchanged and the Company is acquiring the land and forward funding on a fixed-price basis. The Company is not assuming development risk. The developer will pay the Company a licence fee during the 12 month construction period.

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 scheduled to occur on 3 April 2017.

Simon Lee, Partner of LXI REIT Advisors Limited, commented:

"With a lease term certain of 20 years to the strong covenant of GE UK Group, this forward funded investment provides a secure, long term and RPI inflation-linked income for the Company, with an attractive initial yield. GE's commitment to the location is demonstrated by the extensive fit-out works it is funding and the fact that it has been based at this site for over 30 years."

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

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