

Acquisition

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LXI REIT PLC
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LXi REIT plc

(the "Company" or "LXi REIT")

£9.3M ACQUISITION OF THE SIG MANUFACTURING FACILITY, CARLISLE

The Board of LXi REIT plc (ticker: LXI) is pleased to announce that the Company has acquired the SIG manufacturing facility at Welton, Carlisle (the "Property") in a sale and leaseback transaction. The purchase price for the Property is £9.3 million, reflecting a net initial yield of 7.0% (net of acquisition costs to the Company).

The Property has been acquired with a new 25-year lease in place and is fully let to SIG (Trading) Limited, the principal trading company of the SIG plc group ("SIG"), a leading, multinational manufacturer and distributor of specialist building and energy management products in the UK and Europe. SIG is a FTSE 250 listed company with a market capitalisation of over £900 million.

The new 25-year lease (with no tenant break right) expires in May 2042 and is subject to five yearly upward only rent reviews index-linked to the Retail Price Index (collared and capped at 2% p.a. and 4% p.a. compound).

The Property comprises a substantial manufacturing facility of 248,333 sq ft, on a 15 acre freehold site (providing a low site coverage of 38%), which is used for the manufacture of profiled metal roofing and other cladding elements. The Property includes a new high specification 89,000 sq ft cladding production facility, constructed in March 2016, along with a range of other factory units as well as storage and office facilities that have been built over the past 20 years. The Property has benefited from significant capital investment by the tenant.

The Property is located in Welton, to the south of Carlisle, with close proximity to the M6. Carlisle is the main administrative centre of Cumbria and benefits from excellent road and rail connectivity.

The acquisition is being funded from equity resources, with senior debt finance expected to be introduced in the near term.

The Company now qualifies formally for REIT status, having acquired a sufficient number of built assets, in addition to forward fundings and forward commitments.

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

"We are pleased to have acquired this manufacturing facility, fully let to SIG, which provides the Company with an attractive net initial yield of 7.0% and a secure and unbroken 25-year RPI-linked income stream. The starting rent has been set at a low level, meaning the capital price equates to only £37 per sq ft.

The Company has now acquired nine assets, deploying just under 75% of its net equity, at an attractive blended net initial yield of 5.85% and with a long WAULT to first break of 23 years, since Admission on 27 February 2017. We are also in solicitors' hands on a number of additional forward funding and built transactions which will fully absorb the balance of the Company's net equity in short order."

For further information, please contact:

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NOTES:

The Company invests 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 across a diverse range of property sectors.

The Company may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. The Company will not undertake any direct development activity nor assume direct development risk.

The Company 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 Company, a real estate investment trust (REIT) incorporated in England and Wales, is listed on the premium listing segment

of the Official List of the UK Listing Authority and was admitted to trading on the main market for listed securities of the London Stock Exchange in February 2017.

Further information on the Company is available at www.lxireit.com

This information is provided by RNS
The company news service from the London Stock Exchange

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