

Acquisition, full deployment of funds, and update

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LXi REIT plc
(the "Company" or "LXi REIT")

FORWARD FUNDED PRE-LET INVESTMENT AND FULL DEPLOYMENT OF SECOND EQUITY ISSUE AND PORTFOLIO UPDATE

The Board of LXi REIT plc (ticker: LXI) is pleased to announce that the Company has exchanged contracts on the pre-let forward funded acquisition of a new Premier Inn hotel in the East Midlands and has now fully deployed the net proceeds of its second equity issue of £60.2 million of 12 October 2017.

£6.9 million forward funded acquisition of 25-year pre-let Premier Inn hotel, East Midlands

The Company has exchanged contracts on the pre-let forward funding acquisition of a new Premier Inn hotel in the East Midlands (the "**Property**"). The total funding commitment is £6.9 million, reflecting a net initial yield of 5.20% (net of acquisition costs to the Company).

The Property has been fully pre-let to Premier Inn Hotels Limited, the principal hotel trading company of Whitbread PLC, a FTSE 100 company with a market capitalisation of £6.6 billion and the UK's largest hotel, restaurant and coffee shop operator. Whitbread Group PLC is the tenant's guarantor under the terms of the lease.

The lease will run for a term of 25 years from completion of the building works, with no tenant break right. The rent is subject to five yearly upward only reviews index-linked to the Consumer Prices Index (collared and capped at 0% p.a. and 4% p.a. compound).

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 developer will pay the Company a licence fee during the construction period. The Company is not developing the site or assuming development risk. Completion of the purchase is due to occur in the next few weeks.

The acquisition is being funded from equity resources following the second issue of shares on 12 October 2017, with senior debt finance expected to be introduced in the near term.

Full deployment of second equity issue of 12 October and update on Company portfolio

Following the Premier Inn forward funding acquisition referred to above, the Company has now fully deployed the net proceeds of its £60.2 million second equity issue of 12 October 2017. The headline statistics for the Company's total portfolio acquired since IPO on 27 February 2017 are:

- £241 million of equity and debt capital deployed (excluding acquisition costs)
- Attractive average net initial property yield of 6.0%
- Long weighted average unexpired lease term to first break of 24 years
- 97% of the income is index-linked or contains fixed uplifts
- Assets are diversified across eight robust sectors: hotels (25%), supported living (24%), care homes (22%), industrial (9%), car parks (8%), discount retail (6%), leisure (4%) and automotive (2%)
- Rental income is secured against 19 strong tenants, including Aldi, Costa Coffee, General Electric, Home Bargains, Lidl, Motorpoint, Premier Inn, Prime Life, The Priory Group, Q-Park, SIG, Specialist Housing Associations, Starbucks and Travelodge
- Significant geographic diversification across 18 different counties in the UK
- The properties have been acquired, predominantly off-market, via 30 separate purchase transactions, with an average lot size of £8 million and a good mix of pre-let forward funding, forward commitment and built asset structures

The Company's LEI is: 2138008YZGXOKAXQV145

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 term¹.

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

Note 1: these are targets only and not a profit forecast and there can be no assurance that they will be met.

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

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