

Acquisition, full deployment of funds and update

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LXI REIT PLC

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LXi REIT plc

(the "Company" or "LXI REIT")

ACQUISITION, FULL DEPLOYMENT OF EQUITY AND DEBT AND PORTFOLIO UPDATE

The Board of LXI REIT plc (ticker: LXI) is pleased to announce that the Company has exchanged contracts on the acquisition of the freehold interest in a portfolio of regulated long-let supported living properties located in Colchester, Essex (74%), Birmingham (17%) and Dover, Kent (9%) (the "**Portfolio**").

The purchase price for the Portfolio is £6.2 million, reflecting a net initial yield of 6.0% (net of acquisition costs to the Company).

Each property is immediately income producing and has been let on a new 25-year lease, with no tenant break, to a specialist Housing Association, which is a Registered Provider of social housing. The Registered Provider is regulated by the Regulator of Social Housing and receives its funding for the rent payments directly from the relevant local authority.

Each lease is subject to annual upward-only rent reviews index-linked to the Consumer Prices Index and the Registered Provider is responsible for the costs of repair, maintenance, insurance and outgoings.

The properties in the Portfolio comprise specialist, high quality supported living homes for individuals with physical and/or mental disabilities or other care needs.

The acquisition is being funded using the proceeds of the Company's new 11.5-year loan facility secured from Scottish Widows in December 2017 at a fixed rate of 2.85% per annum.

Portfolio update - full deployment of equity and debt

The Company has now fully deployed its net equity and debt capital, totalling £273 million (excluding acquisition costs). Across the Company's portfolio, the headline statistics are:

- Long weighted average unexpired lease term to first break of 24 years
- Attractive 6.03% average Net Initial Property Yield
- 313 bps spread between the 6.03% Net Initial Property Yield and the Company's 2.90% per annum fully fixed average cost of debt
- Average debt maturity of 11.5 years
- 91% index-linked rent reviews, 6% fixed rental uplifts and 3% open market rent reviews
- 88 properties, with significant geographic diversification across the United Kingdom
- 100% let or pre-let
- 25 strong tenants, including Aldi, Costa Coffee, General Electric, Home Bargains, Lidl, Motorpoint, Mears Group, Premier Inn, The Priory Group, Prime Life, Q-Park, QHotels, SIG, Specialist Housing Associations, Starbucks, Stobart Group and Travelodge
- Nine robust property sectors: supported living (24%), hotels (23%), care homes (19%), industrial (9%), student (7%), car parks (7%), discount retail (6%), leisure (3%) and automotive (2%)
- Good mix of forward funding, forward commitment and built asset structures

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

"The Company has continued to perform strongly since its IPO in February 2017, effectively delivering on our stated objectives and in many areas surpassing our original expectations. The Company's secure, diversified and growing index-linked income stream as well as attractive capital appreciation from across our long-let portfolio is delivering attractive returns to our shareholders.

We are well placed with an excellent platform for growth and we look forward to driving further value for our shareholders throughout this financial year and for the long term."

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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