

Profitable Disposals and Accretive Acquisitions

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LXI REIT plc

(the "Company" or "LXI REIT")

PROFITABLE DISPOSALS, ACCRETIVE ACQUISITIONS AND CONFIRMATION OF 15-YEAR FIXED LOAN RATE

The Board of LXI REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce the following profitable disposals and accretive acquisitions.

Travelodge hotels disposals

Following receipt of an unsolicited approach, the Company has sold two of its older Travelodge hotels, in Haverhill and Ipswich, to an institutional buyer for £12.6 million in aggregate:

- reflecting a low exit yield of 5.0%, which compares favourably to the acquisition yields of 5.92% and 6.12% paid by the Company in March and July 2017, respectively;
- representing a 19% uplift on acquisition cost and a 5% premium to the latest book value as at 30 September 2018; and
- generating an attractive geared IRR for the Company of 23% per annum.

Two industrial acquisitions, West Midlands

The Company has acquired two industrial properties, by way of purchase and leaseback, for a combined purchase price of £11.7 million, reflecting a 5.7% net initial yield (net of acquisition costs to the Company).

The properties have been acquired with new, unbroken 25-year leases in place to West Midlands Travel Ltd, with a guarantee from its parent, National Express Group PLC, a FTSE 250 listed leading transport provider delivering services in the UK, Continental Europe, North Africa, North America and the Middle East, with a market capitalisation of approximately £1.9 billion.

The new leases benefit from annual Retail Price Index linked rent reviews (collared at 2% per annum and capped at 4% per annum compound).

The properties comprise two purpose-built bus depots totalling 93,000 sq ft and 102,000 sq ft, with a range of accommodation including parking halls, workshops, vehicle inspection pits, refuelling areas, stores, bus wash areas and associated offices.

The properties are both well located in the West Midlands: (i) in the southern Birmingham suburb of Yardley Wood, which lies 6.6 miles to the south of Birmingham city centre; and (ii) in West Bromwich, which lies 6.4 miles to the north west of Birmingham city centre.

The properties are being acquired at a low capital cost and low rental base and benefit from strong alternative use values.

Forward funding acquisition of Aldi-anchored scheme, Evesham

The Company has exchanged contracts to provide forward funding for the pre-let development of an Aldi foodstore-anchored property in Evesham, Worcestershire for £12.15 million, reflecting a 5.4% net initial yield (net of acquisition costs to the Company).

Anchoring the scheme will be a new 18,578 sq ft foodstore, which has been pre-let to Aldi Stores Limited, the principal UK trading company of the Aldi group, a leading global discount food retailer with 10,000 stores across 18 countries. The property will benefit from a new 15-year lease (with no tenant break right), with five yearly upward only RPI inflation-linked rent reviews.

The second unit, comprising 12,935 sq ft, has been pre-let to T. J. Morris Limited (trading as Home Bargains), a leading discount retailer of both food and non-food products, with over 400 stores throughout the UK. This has been pre-let on a new 15-year lease (with no tenant break right), with five yearly upward only open market rent reviews.

The final unit, comprising 10,000 sq ft, has been pre-let to TJX UK Limited (trading as TK Maxx), a leading discount fashion retailer and the principal UK trading company of The TJX Companies Inc., a New York Stock Exchange listed leading off-price apparel and home fashions retailer in the U.S. and worldwide with a market capitalisation of \$54 billion. This unit has been pre-let on a new 15-year lease (with a tenant break right in year 10), with five yearly upward only open-market rent reviews.

The property, which benefits from 196 parking spaces on a 3.9 acre site, lies one mile south of Evesham town centre and close to the main A46 bypass, providing good access to the national motorway system. Evesham is an affluent town situated in the heart

of Worcestershire, approximately 14 miles south west of Stratford-upon-Avon, 16 miles north east of Cheltenham and 17 miles south east of Worcester.

Planning consent has been granted, the agreements for lease have exchanged and the Company is forward funding the property on a fixed price basis. The Company will receive an income from the developer during the construction period. The Company is not developing the site or assuming development risk. The building works are due to complete in July 2019.

Scottish Widows loan - 2.99% per annum all-in fixed rate over 15-year term

Following the Company's announcement on 13 November 2018, reporting terms having been agreed for a new 15-year £75 million term loan with Scottish Widows Limited (the "**New Loan**") to gear the proceeds of its recent equity issue, the Company is pleased to report that it has now completed the New Loan and has fixed the all-in rate at 2.99% per annum until maturity of the facility in December 2033.

The New Loan takes the Company's:

- weighted average all-in debt cost to 2.94% per annum across all facilities;
- weighted average debt maturity to over 12 years across all facilities; and
- loan-to-value ratio to 30%, when fully drawn (below the Company's maximum level of aggregate borrowings of 35% of the Company's gross assets).

The Company is in solicitors' hands on a wide range of further accretive acquisitions which will fully deploy the New Loan in short order.

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

"We are pleased to have completed the disposal of two Travelodge hotels at a significant premium to acquisition cost and book value and to have immediately recycled the proceeds into two accretive industrial properties let to a strong tenant on 25 year, RPI-linked leases.

Our new 15-year loan facility with Scottish Widows locks in a very attractive 2.99% all-in funding cost over the long term, reflecting the high quality and secure nature of our property portfolio. We continue to deploy the facility across a range of quality assets underpinned by long term leases, defensive sectors and robust tenants with accretive yields."

FOR FURTHER INFORMATION, PLEASE CONTACT:

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NOTES:

LXi REIT plc invests in UK commercial property assets let, or pre-let, on very long (typically 20 to 30 years to first break), inflation-linked leases to a wide range of strong tenant covenants across a diverse range of robust 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 an annual dividend of 5.50 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 a minimum 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. The Company is a constituent of the FTSE EPRA/NAREIT index.

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

* These are targets only and not a profit forecast and there can be no assurance that they will be met.

