

Accretive Acquisitions and Profitable Disposals

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LXI REIT PLC
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LXI REIT plc

(the "Company" or "LXI REIT")

ACCRETIVE ACQUISITIONS AND PROFITABLE DISPOSALS

The Board of LXI REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce the following accretive acquisitions, utilising the Company's new 15-year Scottish Widows loan facility, and profitable disposals.

Forward funding acquisition of Travelodge hotel, Gosport

The Company has exchanged contracts to provide forward funding for the pre-let development of a Travelodge hotel at Gosport in Hampshire for £6.6 million, reflecting a 5.7% net initial yield (net of acquisition costs to the Company).

The 70 bedroom hotel has been fully pre-let to Travelodge Hotels Limited, the principal trading company of the Travelodge group, on a 25-year lease from completion of the building works (with no tenant break right), with five yearly rent reviews index-linked to CPI inflation (collared at 1% per annum and capped at 4% per annum compound).

Founded in 1985, Travelodge is the UK's largest independent hotel brand, operating over 560 hotels and over 40,000 rooms in the UK, Spain and Ireland.

The property is well situated on the High Street in the centre of Gosport in the county of Hampshire, approximately three miles south west of Portsmouth.

Planning consent has been granted, the agreement for lease has 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 Q4 2019.

Forward purchase of Lidl-anchored scheme, Andover

The Company has exchanged contracts to forward purchase the pre-let development of a Lidl foodstore, along with drive-thru units for Starbucks and Greggs, at Andover in Hampshire for £8.05 million, reflecting a 5.5% net initial yield (net of acquisition costs to the Company).

The 22,432 sq ft Lidl foodstore, representing approximately 75% of the total project value, has been fully pre-let to Lidl UK GmbH, the principal UK trading company of Schwarz Gruppe GmbH (a top four global retail group that owns and operates the Lidl and Kaufland brands, operating over 10,000 stores across 26 countries), on a 25-year lease from completion of the building works (with a tenant break right at year 15), with five yearly fixed rental uplifts of 2% per annum compounded.

The Starbucks unit has been pre-let on a 20-year lease with five yearly rent reviews index-linked to RPI inflation and the Greggs unit has been pre-let on a 15-year lease with five yearly rent reviews to open market value.

The property, which benefits from 176 parking spaces on a 3.5 acre site, lies two miles to the east of Andover town centre, adjacent to the A3093 which connects directly to the A303 dual carriageway. Andover is situated in the county of Hampshire, occupying a strategic location in central southern England and is located on the A303, which links to the M3 and serves as one of the main routes connecting London and the West Country.

Planning consent has been granted, the agreements for lease have exchanged and the Company is forward purchasing the property on a fixed price basis. The Company is not developing the site or assuming development risk. The building works are due to complete in June 2019.

Acquisition of local government let office, Glasgow

The Company has acquired a local government let office near Glasgow for £6.8 million, reflecting a 5.0% net initial yield (net of acquisition costs to the Company).

The property has been fully let to South Lanarkshire Council, a substantial local government authority, on a new, unbroken 20-year lease, with five yearly fixed rental uplifts of 2.5% per annum compound.

The property is a modern, purpose-built local government office over a three-storey building, totalling 36,020 sq ft, comprising majority office space, along with a doctors' surgery and job centre, together with 47 parking spaces.

The property, which is located in Cambuslang, a south east suburb of Glasgow, is being acquired at a low capital cost per square foot and with a low rental base.

Acquisition of Pure Gym, Norwich

The Company has acquired a new gym facility in Norwich for £2.5 million, reflecting a 6.0% net initial yield (net of acquisition costs to the Company).

The property has been fully let to Pure Gym Limited, the UK's largest gym operator with over one million members and 230 gyms, on a new, unbroken 15-year lease, with five yearly fixed rental uplifts of 2% per annum.

The property, which comprises a brand new gym facility of 13,750 sq ft on a 1.4 acre site, is located prominently on one of the main arterial routes close to Norwich city centre.

Supported living disposals

The Company has sold a portfolio of 11 supported living properties located in Lancashire, Yorkshire, Merseyside and Kent for £10.9 million in aggregate:

- generating an attractive geared IRR for the Company of 19.4% per annum;
- reflecting an exit yield of 5.3%, which compares favourably to the acquisition yield of 6.0% paid by the Company; and
- equalling the latest independent valuation of the assets (as at 30 September 2018).

The portfolio has been sold to HLIF, a private social impact fund. HLIF's AIFM, LJ Administration (UK) Limited, is also the Company's AIFM and is, therefore, deemed under the Listing Rules to be an associate of the AIFM and therefore, pursuant to LR11.1.4R(5), HLIF is a related party of the Company. The Company confirms that pursuant to LR11.1.11R, the above transaction is classified as a "smaller related party transaction" under LR11.1.10R.+

John White, Partner of LXI REIT Advisors Limited, commented:

"We are pleased to have completed these profitable disposals and accretive acquisitions. These new investments provide attractive income and growth potential, underpinned by long-term, index-linked leases and the strong covenants of Lidl, Travelodge, Pure Gym and local government.

We are continuing to deploy the balance of our new Scottish Widows loan facility and are in solicitors' hands on a range of further accretive pre-let forward funding investments."

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Company's LEI is: 2138008YZGXOKAXQVI45

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.

+ In the 12 months preceding this transaction the Company has completed the following transactions with other members of the LJ Group, which also fall to be disclosed pursuant to the Listing Rules. Salisbury Partners LLP and LJ Athene, which are related parties of the Company through their ownership by the LJ Group (as above), each invested in the equity issue announced by the Company on 24 September 2018. Salisbury Partners LLP invested £693,412 in the equity issue (outside of the Open Offer) and LJ Athene invested £563,643 in the equity issue, both at the same price as all other investors in the equity issue.

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