

Pre-Let Forward Funding Investments

Released : 13 February 2019 07:00

RNS Number : 8249P
LXI REIT PLC
13 February 2019

13 February 2019

LXI REIT plc

(the "Company" or "LXI REIT")

PRE-LET FORWARD FUNDING INVESTMENTS

The Board of LXI REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce that the Company has exchanged contracts to provide forward funding for the pre-let development of a portfolio of 13 separate Starbucks and Costa drive-thru format coffee shops for a combined consideration of £23.4 million, reflecting a 5.7% net initial yield (net of acquisition costs to the Company).

The acquisitions are being funded utilising the Company's new Scottish Widows loan.

12 of the properties have been pre-let to Starbucks Coffee Company (UK) Limited and one has been pre-let to Costa Limited, each on unbroken leases of 15 years from completion of the building works, with five yearly rent reviews index-linked to RPI inflation (collared at 1% per annum and capped at 4% per annum compound).

Starbucks Coffee Company (UK) Limited is the principal UK trading company of the Starbucks Corporation, the leading coffee retailer which operates over 29,000 stores globally and is listed on the NASDAQ stock exchange with a market capitalisation of \$87 billion.

Costa Limited is the principal UK trading company of the Costa Coffee group, the UK's largest and the world's second largest coffee shop chain with over 2,000 UK outlets and more than 1,240 in 31 overseas markets. The group was acquired by The Coca-Cola Company in January 2019 for £3.9 billion.

Each property will comprise a new drive-thru format coffee shop and the sites are well located across Great Britain in Barry, Blackpool, Cambourne, Canvey Island, Cardiff, Carmarthen, Newcastle Under Lyme, Northampton, Nottingham, Peterborough, Preston, Redditch and Stoke.

The Company is not developing the sites or assuming development risk and is forward funding each property on a fixed price basis. The building works are due to complete in Q3 2019. The Company will receive an income from the developer during the construction period.

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

"This transaction provides our investors with rare access to the strong Starbucks and Costa covenants in scale and the individually granular lot sizes, forward funding structure and off-market nature of the purchase have delivered a highly attractive yield, coupled with RPI-linked rental uplifts and capital growth potential."

FOR FURTHER INFORMATION, PLEASE CONTACT:

LXI REIT Advisors Limited John White (Partner, Fund Manager) Simon Lee (Partner, Fund Manager)	Via Maitland/AMO
Peel Hunt LLP Luke Simpson	Tel: 020 7418 8900
Maitland/AMO (Communications Adviser) James Benjamin	Tel: 020 7379 5151 Email: lxireit-maitland@maitland.co.uk

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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

CNTGGUBGPUPBPUP