

Acquisitions for a combined investment of £135M

Released : 25 June 2019 07:00

RNS Number : 2146D
LXI REIT PLC
25 June 2019

25 June 2019

LXi REIT plc

(the "Company" or "LXi REIT")

ACQUISITIONS FOR A COMBINED INVESTMENT OF £135 MILLION

Further to the Company's £200 million equity issue announced on 13 June, the Board of Directors of LXi REIT (ticker: LXI), the specialist inflation-protected long income REIT, is pleased to announce the following acquisitions (the "**Acquisitions**"), for a combined total investment of approximately £135 million, which reflects a weighted average net initial acquisition yield of 5.7% (net of acquisition costs).

The Acquisitions, which have been made individually from separate vendors and developers and include both pre-let forward fundings and built assets, comprise the following long-let and index-linked assets.

The Company is also in legal on a number of additional assets to deploy the balance of the proceeds of the capital raise, with further acquisition announcements expected to be made shortly.

Aldi forward funding, St Albans

The Company has acquired, by way of a pre-let forward funding, a new Aldi-led scheme in St Albans, Hertfordshire. The foodstore has been pre-let to Aldi Stores Limited, the principal UK trading company of the Aldi group, on a new, unbroken 25-year lease with five yearly rental uplifts fixed at 2% per annum compounded.

Aldi is a leading discount supermarket, operating 10,000 foodstores across 20 countries.

Travelodge forward funding, Cumbria

The Company has acquired, by way of a pre-let forward funding, a new 78-bedroom Travelodge hotel and Costa Coffee shop in Workington, Cumbria.

The hotel has been pre-let on a new, unbroken 25-year lease to Travelodge Hotels Limited, the principal trading company of the Travelodge group, and the coffee shop has been pre-let to Costa Limited, the principal trading company of the Costa Coffee group, on a new, unbroken 15-year lease. Both leases benefit from five yearly rent reviews index-linked to the Retail Prices Index.

Travelodge is a leading budget hotel operator, with over 40,000 bedrooms across more than 560 hotels in the UK, Ireland and Spain. Costa is the UK's largest and the world's second largest coffee shop chain with over 2,100 UK outlets and more than 1,280 in 31 overseas markets. The Coca-Cola Company completed the acquisition of Costa Limited in early 2019.

The Company is not developing the above two sites or assuming development risk and is forward funding each property on a fixed price basis. The Company will receive an income from the developers during the construction periods.

Q-Park car parks

The Company has acquired, on a sale and leaseback basis, seven Q-Park car parks in strong city centre locations in London, Edinburgh, Glasgow, York, Manchester and Sheffield.

Each property has been leased back to Q-Park Limited, with a guarantee from its parent Q-Park N.V., on new, unbroken, 35-year leases, with annual rent reviews index-linked to the Retail Prices Index.

Q-Park is one of Europe's leading car park operators, with over 880,000 parking spaces across 6,700 car parks in 10 European countries.

Eddie Stobart distribution facility, West Midlands

The Company has acquired a 91,000 sq ft distribution facility on a 10-acre site in Cannock, Staffordshire, a strong West Midlands logistics location.

The property benefits from a new, unbroken 20-year lease to Eddie Stobart Limited, with a guarantee from its parent ESSL Group Limited, with five yearly rent reviews index-linked to the Retail Prices Index.

Eddie Stobart is a leading provider of end-to-end logistics services, including road transport, supply chain management, warehousing and distribution services.

Greene King family pubs

The Company has acquired 14 family-oriented, food-led public houses in Cheshire, Manchester, Lancashire, Yorkshire, Staffordshire, Newcastle and County Durham.

Each property has been let to Greene King plc, with 15-year unexpired and unbroken lease terms, with annual rent reviews to a fixed uplift of 2.5% per annum compounded.

Greene King plc, an investment rated constituent of the FTSE 250 Index with a market cap of approximately £1.9 billion, is the UK's leading pub retailer and brewer with over 2,900 pubs, restaurants and hotels across the UK.

Dobbies Garden centre, West Yorkshire

The Company has acquired, on a sale and leaseback basis, a garden centre in Pennine, West Yorkshire.

The property has been leased back to Dobbies Garden Centres Limited, with a guarantee from its parent Dobbies Garden Centres Group Limited, on a new, unbroken 30-year lease, with annual rent reviews index-linked to the Retail Prices Index.

Dobbies is a 150-year old, market-leading garden centre owner and operator.

Commenting on today's announcement, John White, partner of LXI REIT Advisors Limited, said:

"We are pleased to have swiftly and carefully deployed £135 million of the net proceeds of our recent £200 million capital raise in secure, long-let and index-linked assets. We look forward to investing the balance in short order from our advanced pipeline of additional assets, which are expected to deliver further value for our shareholders."

FOR FURTHER INFORMATION, PLEASE CONTACT:

LXI REIT Advisors Limited John White Simon Lee Jamie Beale	Via Maitland/AMO
Peel Hunt LLP Luke Simpson / Liz Yong (Corporate Broking)	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 5.75 pence per ordinary share, starting from the financial period commencing 1 April 2019, with the potential to grow the dividend in absolute terms through upward-only inflation-protected long-term lease agreements, and is targeting a total NAV return of a minimum of 8 per cent. 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 Financial Conduct 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

ACQEAFKLAFXNEFF