Regulatory Story

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LXI REIT PLC - LXI Robust and Defensive Balance Sheet and Portfolio
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20 March 2020

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LXI REIT plc

(the "**Company**", "**Group**" or "**LXI REIT**")

ROBUST AND DEFENSIVE BALANCE SHEET AND PORTFOLIO

The Board of LXi REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, recognises that, whilst it is too early to quantify the potential impacts of the COVID-19 (Coronavirus) pandemic, the Company remains well placed to navigate effectively a prolonged period of uncertainty and to mitigate the risks presented by it.

To date, the Company has not been directly impacted by COVID-19 and draws comfort from the Group's robust balance sheet and high-quality portfolio of defensive commercial property assets let or pre-let on very long term, index-linked leases to a wide range of strong tenant covenants highly diversified by tenant, sector and location.

The health and safety of colleagues, tenants, shareholders and wider stakeholders continues to remain the Company's top priority, especially during this period of uncertainty and volatility and the Group is continuing to monitor closely the recommendations issued by the World Health Organisation, Public Health England, the NHS and other relevant authorities and is complying with these across its business.

The Group remains in constant communication with all its staff, tenants and key service providers and, as part of its Business Continuity Procedures, the Company has a Pandemic Response Plan in place which includes travel restrictions and remote working policies.

Low, long dated and low-cost debt facilities, with significant covenant headroom

- The Company's debt is currently at 20% loan to value ("LTV"), with no short or medium term refinancing risk given the 12-year unexpired average duration of its long term debt facilities with Scottish Widows, which are fully fixed at an all-in average rate of 2.94% pa.

- This provides significant headroom to the covenant of 50% and, similarly, the interest cover is c.600% versus the interest cover test of 300%.
- The Company also has a committed £100 million revolving credit facility with Lloyds Bank, which is completely undrawn.

Defensive and diversified portfolio that is 100% let or pre-let on very long leases to strong tenant covenants

- The Company's portfolio is 100% let or pre-let to over 50 strong tenants, across nine sub-sectors. Further security is provided through the tenants and guarantors being the main trading or parent companies within the tenant groups.
- The Company's leases average 22 years to first break and each lease is drawn on a fully repairing and insuring basis - tenants are responsible for repair, maintenance and outgoings, so there is no cost leakage for the Company.
- Each property is let on a fixed rent basis (ie, not related to turnover or trading), with 96% of the income benefitting from index-linked or fixed uplifts.
- The Company's portfolio benefits from low, sustainable rents, making the assets highly profitable and valuable to our tenants. This is in part a consequence of the Company forward funding, on a pre-let basis, brand new buildings and carefully structuring sale and leasebacks.
- A number of the Company's tenants, such as Aldi, Lidl and BUPA, are in sectors which are trading more robustly in the current climate.
- In the sectors which COVID-19 has spot-lit, such as budget hotels, pubs and drive-thru coffee shops, the Company's tenants - Premier Inn, Travelodge, Greene King, Costa Coffee and Starbucks - are financially robust, with strong balance sheets and material cash holdings.

The Company will continue to keep shareholders and wider stakeholders updated and informed as the situation evolves.

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 5.75 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 250, FTSE EPRA/NAREIT and MSCI indices.

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.

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