

Profitable disposals and accretive acquisition

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LXI REIT PLC
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LXi REIT plc

(the "Company" or the "Group")

PROFITABLE DISPOSALS AND ACCRETIVE ACQUISITION

LXi REIT plc (ticker: LXI) is pleased to announce the following profitable disposals and accretive acquisition.

Disposals of social housing assets

The Company has sold two portfolios of long-let social housing assets for a combined sum of £10.7 million, reflecting a 5.25% exit yield, to two separate social infrastructure funds.

The disposal pricing reflects a premium of 14% to purchase price and generates a geared IRR of 14% per annum over the Company's three year ownership. The prices are in line with latest book values as at 31 March 2020.

The Company is recycling the sale proceeds into the following pre-let forward funding acquisition, which is being acquired at a higher yield, with enhanced tenant covenants and RPI uplifts, underpinned by the robust discount foodstore sector.

Forward funding acquisition of Lidl foodstore

The Company has exchanged contracts on the pre-let forward funding acquisition of a Lidl foodstore in Barnard Castle, County Durham for £7.5 million, reflecting a 5.9% net initial yield (net of acquisition costs).

The 20,828 sq ft foodstore has been fully pre-let to Lidl on a 20-year lease (with a one-off break right at year 15), with rental uplifts in line with RPI inflation. The adjoining 15,000 sq ft unit has been fully pre-let as a discount store to Home Bargains on an unbroken 15-year lease, with upwards only open market rent reviews. The Lidl accounts for 70% of the total value.

Both leases are guaranteed by the top trading companies of the tenant groups, which have significant net assets (Lidl: £10.5 billion; TJ Morris (t/a Home Bargains): £1.1 billion). The properties also benefit from a low average rent of £13 per sq ft, resulting in a low capital cost of £209 per sq ft.

The attractive pricing reflects the off-market, relationship-driven nature of the acquisition and the thinner market for forward funding pre-let assets in smaller lot sizes in the current climate.

The Company is not developing the property or assuming development risk and is forward funding the property on a fixed price basis. The Company will receive an income from the developer during the construction period.

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 expiry or 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 a quarterly dividend of 1.30 pence per ordinary share for the quarter that commenced 1 April 2020. It will continue to monitor the improving visibility on its future rent collection as the UK moves out of lockdown and is keeping its dividend guidance under careful review on a quarterly basis.

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 and MSCI indices.

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

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

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