



RNS Miscellaneous

Profitable disposals & Accretive Acquisitions

LXI REIT PLC

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LXi REIT plc

(the "Company" or the "Group")

PROFITABLE DISPOSALS AND ACCRETIVE ACQUISITIONS

As part of its ongoing plan to actively manage its portfolio, LXI REIT plc (ticker: LXI) is pleased to announce three profitable disposals for a total value of £17 million, and two accretive acquisitions in the foodstore sector, which are being acquired for a total sum of £15 million, reflecting an attractive blended net initial yield of 5.5% (net of acquisition costs).

Disposal of Glasgow office

The Company has sold its sole office, a long-let property in Cambuslang, Glasgow occupied by the local council, to a specialist REIT for £8 million, reflecting a low exit yield of 4.2%.

The disposal pricing reflects a premium of 17% to purchase price and generates an attractive geared IRR of over 16% per annum (double the Company's 8% per annum target return). The sale price is in line with latest book value.

Disposal of social housing assets

The Company has sold 11 long-let social housing assets for a combined sum of £8.5 million, reflecting a 5.2% exit yield, to a social infrastructure fund.

The disposal pricing reflects a premium of 14% to purchase price, a 2% premium to latest book value (as at 31 March 2020) and generates an attractive geared IRR of 13% per annum.

Sale of non-operational land at Travelodge property

The Company has sold a non-operational plot adjacent to its Travelodge hotel in Llanelli to a petrol filling station operator for £500,000.

The land was not used by the hotel and the sale has not reduced its rental level or capital value and thus represents an additional net receipt for the Company from land which had zero book value.

The Investment Advisor is also in advanced discussions regarding further value-enhancing asset management transactions at other Travelodge sites.

Forward funding acquisition of Lidl foodstore and EV charging points

The Company has exchanged contracts on the pre-let forward funding acquisition of a Lidl foodstore in West Bridgford, Nottinghamshire.

The foodstore has been fully pre-let to Lidl on a 25-year lease (with a one-off break right at year 15), with five yearly rental uplifts in line with annually compounded RPI inflation (capped at 3% pa and collared at 1% pa).

The lease is guaranteed by the top trading company of the Lidl group, which has £10.5 billion of net assets, and the foodstore has a low starting rent of £16 per sq ft.

The Company is also forward funding EV charging points at the property, pre-let on an unbroken 25-year, RPI-linked lease to a specialist EV operator.

The freehold site comprises just over four acres and benefits from 180 car parking spaces.

West Bridgford is an affluent town in the Rushcliffe borough of Nottingham, situated 1.5 miles south of Nottingham city centre. The immediate area is predominantly residential, with a number of schools and health facilities nearby.

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 forward funding the property on a fixed-price, pre-let and fully planned basis and therefore not assuming direct development risk. The Company will receive an income from the developer during the construction period at a rate equivalent to the net initial yield.

Acquisition of Aldi foodstore, Lytham St Annes

The Company has acquired, from an administrator, a foodstore in Lytham St Annes, which was purpose built for Aldi in 2014 and has a strong trading history.

The property is fully let to Aldi Stores Limited, the principal UK trading company of the Aldi group, with over 18 years unexpired to first break and benefits from five yearly fixed uplifts of 2.5% per annum compounded. The fixed uplifts will provide rental growth of over 13% in three years' time.

Aldi is one of Europe's leading discount grocers with over 10,000 stores in 20 countries.

Lytham St Annes is an affluent coastal town with a strong tourism industry.

Simon Lee, Co-Manager of LXI REIT plc, commented:

"This capital recycling reflects the Company's continuing, but selective, expansion into the foodstore sector, with a particular focus on right-sized stores acquired off-market at attractive yields and let or pre-let to strong tenants on low, sustainable rents. The sales have crystallised attractive returns on assets from which we have extracted maximum value."

FOR FURTHER INFORMATION, PLEASE CONTACT:

LXI REIT Advisors Limited Simon Lee (Partner, Fund Manager) John White (Partner, Fund Manager)	Via Maitland/AMO
Peel Hunt LLP Luke Simpson/Liz Yong	Tel: 020 7418 8900
Jefferies International Ed Matthews/Tom Yeadon	Tel: 020 7029 8000
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 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 1.35 pence per ordinary share for the quarter that commenced on 1 July 2020* and a quarterly dividend of 1.44 pence per ordinary share for the quarter that commenced on 1 October 2020.* It will continue to monitor the improving visibility on its future rent collection 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 250, 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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