



RNS Acquisition

## Acquisitions totalling £61m and Portfolio Update

### LXI REIT PLC

Released 07:00:05 26 November 2020

RNS Number : 5465G  
LXI REIT PLC  
26 November 2020

26 November 2020

#### LXi REIT plc

(the "Company" or the "Group")

#### ACQUISITIONS TOTALLING £61 MILLION AND PORTFOLIO UPDATE

The Board of LXi REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to report the acquisition of 11 foodstores and two discount stores from five different vendors/developers for a total cost of £61 million ("**the Acquisitions**").

The Acquisitions have been acquired at an attractive average net initial yield of 5.7% (net of acquisition costs) and with a strong and diversified tenant base in the form of Aldi, Lidl, Waitrose, Co-op, Iceland, B&M and The Range.

The Acquisitions deploy the disposal proceeds of the Group's recently sold BCA facility in Corby ("**the BCA Facility**") at a yield which is materially higher than both the 4.45% exit yield on the BCA Facility and the Group's latest portfolio valuation yield of 5.1%.

The Acquisitions reflect the Company's yield-disciplined focus on smaller sized foodstores which are currently the primary focus for our grocery tenants being right-sized for their preferred product range, but also offering online fulfilment through either or both of home delivery and click & collect.

The Acquisitions are let or pre-let on long, index-linked or fixed uplift leases with low current rents (averaging £14 per sq ft) and low capital value pricing (averaging £230 per sq ft).

The Group's whole portfolio now has a long WAULT to first break of 22 years, with 96% index-linked or fixed uplift rent reviews and is well diversified across the following robust sub-sectors: Industrial (21%), Budget Hotels (21%), Foodstores and Essentials (20%), Healthcare (13%), Car Parks (8%), Pubs (5%), Drive-thru Coffee (4%) and Other (8%).

#### **Aldi foodstore forward funding, Northumberland**

The Company has exchanged contracts on the pre-let forward funding of an Aldi-anchored scheme in Berwick-upon-Tweed, Northumberland.

The foodstore, which will extend to 19,000 sq ft, has been fully pre-let to Aldi Stores Limited (the principal UK trading company of the Aldi group) on an unbroken 20-year lease commencing on completion of the building works, with five-yearly RPI inflation-linked reviews. The starting rent is a low £16 per sq ft.

The adjoining 10,000 sq ft unit has been fully pre-let to Iceland Foods Limited, trading as Food Warehouse (the principal trading company of the Iceland Foods group) on an unbroken 10-year lease, with upwards only rent reviews and a low starting rent of £16.40 per sq ft.

#### **Lidl foodstore, Hampshire**

The Company has acquired a 26,800 sq ft foodstore in Portsmouth, Hampshire. The property, which was purpose built for the tenant in 2017 and trades strongly, is fully let to Lidl UK GMBH (the principal UK trading company of the Lidl group), with 22 years until expiry and 17 years until first break.

The rent is reviewed on a five-yearly basis at a fixed growth rate of 2% per annum compounded. At the next rent review, which will take place in two years' time, the rent will still be at a very low rate of £12 per sq ft.

#### **Waitrose foodstore, Cheshire**

The Company has acquired a 25,000 sq ft foodstore in Poynton, Cheshire. The property, which was purpose built for the tenant in 2010 and trades strongly, is fully let to Waitrose Limited (the principal trading company of the Waitrose group), with 15 years unexpired until first break.

The rent is reviewed on a five-yearly basis at a fixed growth rate of 2.5% per annum compounded.

The store is the dominant foodstore in its locality, which draws on an affluent catchment population, and benefits from a material online delivery capability.

#### Co-Op portfolio

The Company has acquired a portfolio of seven Co-Op foodstores in Blackpool, Glasgow, Pontypridd, Sandbach, Southport, Wallasey and Wrexham, from a mortgagee.

Each property is let to the Co-Operative Group Limited (the principal company of the Co-op group) with over 16 years unexpired to first break and with annual rental uplifts fixed at 2.25% per annum.

The portfolio benefits from a low average rent of £15.80 per sq ft and a liquid average lot size of 12,000 sq ft. The properties also have the advantage of a high number of parking spaces, averaging 51 per store, which help ensure a good customer experience with quick and easy access to the store as well as assisting the tenant in their provision of additional services and sales channels such as click & collect.

#### B&M and The Range, Yorkshire

The Company has acquired two discount stores, comprising 72,000 sq ft in Bradford, Yorkshire, which were purpose built for the tenants in 2019.

The first unit is fully let to The Range (through its principal UK trading company, CDS (Superstores International) Limited), with 19 years until first break and fixed rental uplifts of 2.5% per annum compounded.

The second unit is fully let to B&M Retail Limited (the principal trading company of the FTSE 100 listed B&M group), with 14 years until first break and fixed rental uplifts of 2% per annum compounded.

The current average rent on the two units is an exceptionally low £7 per sq ft.

#### FOR FURTHER INFORMATION, PLEASE CONTACT:

<b>LXI REIT Advisors Limited</b> Simon Lee (Partner, Fund Manager) John White (Partner, Fund Manager)	Via Maitland/AMO
<b>Peel Hunt LLP</b> Luke Simpson/Liz Yong	Tel: 020 7418 8900
<b>Jefferies International</b> Ed Matthews/Tom Yeadon	Tel: 020 7029 8000
<b>Maitland/AMO (Communications Adviser)</b> James Benjamin	Tel: 020 7379 5151 Email: <a href="mailto:lxireit-maitland@maitland.co.uk">lxireit-maitland@maitland.co.uk</a>

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 1.44 pence per ordinary share for the quarter that commenced on 1 October 2020.\*

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](http://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.

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](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

ACQBABBTMTATTMM

---

**London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. [Terms and conditions](#), including restrictions on use and distribution apply.**

---

© 2020 London Stock Exchange plc. All rights reserved.