



RNS Trading Statement

Trading Update

LXI REIT PLC

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014. This announcement has been authorised for release by the Board of Directors.

LXI REIT plc

(the "Company" or the "Group")

TRADING UPDATE

The Company is pleased to provide a trading update for the quarter ended 31 December 2020.

Portfolio update

The Group's portfolio has been valued by its independent valuer as at 31 December 2020 at £907.25 million, reflecting a 1.7% like-for-like increase on the 30 September 2020 valuation.

The key drivers behind this increase are the continued outperformance of two of the sectors where the Group has some of its largest exposures, industrial and foodstores, which are benefitting from attractive supply and demand fundamentals and a strong investment market, as well as the effect of the embedded income growth within the portfolio. The portfolio has an average EPRA NIY of 5.0% which reflects a small amount of yield compression in industrials and foodstores, with the yield remaining stable in the Group's other sectors.

The Company's portfolio comprises 125 properties let or pre-let to over 50 institutional quality tenants on long, index-linked leases with over 21 years unexpired to first break on a weighted average basis. The portfolio is 100% let on full repairing and insuring, triple-net leases.

96% of the Company's rental income is either index-linked or contains fixed uplifts. The index-linked reviews are predominantly RPI-based. During the quarter, the Company completed 28 rent reviews (representing 14% of the portfolio rent roll) with a weighted average uplift of 2.1% pa. The average increase outperformed both RPI and CPI inflation over the period and reflects the benefit of the collared and fixed rental uplifts which are contained in 72% of the portfolio's rent reviews (by rental value).

The Company's portfolio remains focused on structurally supported sectors, including industrial (21%), budget hotels (21%), foodstores and essentials (20%), healthcare (13%), car parks (8%) and drive-thru coffee (4%).

The Group remains prudently geared at 30% LTV, with long-term loans averaging 13 years to expiry at an average fixed rate of 2.84% pa.

Net asset value ("NAV") and net tangible assets ("NTA")

The updated portfolio valuation results in an estimated unaudited EPRA net tangible assets ("NTA") and IFRS NAV of 123.2 pence per share, as at 31 December 2020. This represents an increase of 2% over the quarter with the Group's quarterly total return, comprising growth in the EPRA NTA and dividends paid, being 3.1%.

The growth in NAV reflects the like-for-like portfolio valuation increase and the value achieved through redeployment of the capital proceeds generated from disposals, invested into 'off-market' asset acquisitions and forward fundings.

Disposals, acquisitions and investment pipeline

During the quarter, the Company sold its BCA Facility in Corby for £68 million, reflecting a low 4.45% exit yield and crystallising a 14% geared IRR following its pro-active re-gear of the occupational lease to 25 years. The Company reinvested the sale proceeds at a materially higher average net initial yield of 5.7% across 13 assets let on long, index-linked leases to grocery tenants, including Aldi, Lidl, Waitrose and the Co-op.

The new assets, acquired through both pre-let forward funding and built asset structures, reflect the Company's current focus on smaller lot-sized foodstores (10,000 sq ft to 30,000 sq ft) with online connectivity through home delivery/click and collect and low, sustainable rents (averaging £14 per sq ft).

In addition, the Company, alongside its tenant partners, has been rolling out both electric vehicle charging and solar panelling initiatives across many of its sites.

The Company continues to see interesting investment opportunities in long, index-linked assets in structurally supported sectors and believes material value can still be generated in these sectors, especially when targeting pre-let forward fundings in smaller lot sizes.

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

"Whilst these remain challenging times, the Company's diversified long income portfolio continues to perform strongly with robust ongoing rent collection and further growth in the underlying valuations and rents during the quarter. We continue to see some exciting investment opportunities in the market, in particular through pre-let forward fundings, as demonstrated by our acquiring £61 million of right-sized and attractively priced foodstores in November."

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 1.46 pence per ordinary share for the quarter which commenced on 1 January 2021*.

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, 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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