Proposed £75 million issue of equity

LXI REIT PLC

Released 07:00:03 16 February 2021

RNS Number : 1813P
LXI REIT PLC
16 February 2021

16 February 2021

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EC NO. 596/2014) AS IT FORMS PART OF THE DOMESTIC LAW OF THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED) (THE "UK MARKET ABUSE REGULATION")

NOT FOR RELEASE, DISTRIBUTION OR PUBLICATION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, NEW ZEALAND, CANADA, SINGAPORE, THE REPUBLIC OF SOUTH AFRICA, JAPAN OR ANY MEMBER STATE OF THE EEA (OTHER THAN ANY MEMBER STATE OF THE EEA WHERE THE COMPANY'S SECURITIES MAY BE LEGALLY MARKETED), OR ANY OTHER JURISDICTION WHERE SUCH DISTRIBUTION IS UNLAWFUL, OR TO ANY NATIONAL, RESIDENT OR CITIZEN OF THE UNITED STATES, AUSTRALIA, NEW ZEALAND, CANADA, SINGAPORE, THE REPUBLIC OF SOUTH AFRICA, JAPAN OR ANY MEMBER STATE OF THE EEA

This announcement is an advertisement for the purposes of the Prospectus Regulation Rules of the UK Financial Conduct Authority ("FCA") and does not constitute a prospectus. Investors must subscribe for or purchase any shares referred to in this announcement only on the basis of information contained in a tripartite prospectus (comprising a summary, a registration document and a securities note) expected to be published shortly by LXi REIT plc (the "Prospectus") in its final form and not in reliance on this announcement. *The Prospectus will, when published, be available, subject to certain access restrictions, on the Company's website (www.lxireit.com/company-documents), at the Company's registered office at 1st Floor Senator House, 85 Queen Victoria Street, London EC4V 4AB, and at the National Storage Mechanism via https://data.fca.org.uk/#/nsm/nationalstoragemechanism. Approval of the Prospectus by the FCA should not be understood as an endorsement of the securities that are the subject of the Prospectus. Potential investors are recommended to read the Prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with a decision to invest in the Company's securities. This announcement does not constitute, and may not be construed as, an offer to sell or an invitation or recommendation to purchase, sell or subscribe for any securities or investments of any description, or a recommendation regarding the issue or the provision of investment advice by any party.*

LXi REIT plc

(the "**Company**" or "**LXi REIT**")

Proposed Initial Placing, Open Offer, Offer for Subscription and Intermediaries Offer and Notice of General Meeting

The board of Directors (the "**Board**") of LXi REIT (ticker: LXI), the specialist inflation-protected long income REIT, today announces the proposed issue of further ordinary shares ("**New Ordinary Shares**") in the Company to raise gross proceeds of approximately £75 million (the "**Initial Issue**") and a proposed ongoing share issuance programme of New Ordinary Shares (the "**Share Issuance Programme**"), the details of which will be set out in the Prospectus, expected to be published by the Company later this week (the "**Proposals**").

The Initial Issue will be by way of an initial placing, open offer, offer for subscription and intermediaries offer for a target issue of up to 60,164,539 New Ordinary Shares at an issue price of 124.50 pence per New Ordinary Share (the "**Issue Price**"). The Issue Price represents a premium of 2.3 per cent. to the Estimated NAV per Ordinary Share as at 31 December 2020 (unaudited) of 123.2 pence, reduced by the Q3 dividend of 1.44 pence per Ordinary Share, and, a discount of 3.0 per cent. to the closing price per Ordinary Share on 15 February 2021 of 128.4 pence per Ordinary Share (being the last business day prior to this announcement).

Conditional on the passing of the shareholder resolutions to be proposed at a general meeting of the Company expected to take place on or around 10 March 2021 (the "**Issue Resolutions**") (the "**General Meeting**"), the maximum number of New Ordinary Shares that may be issued pursuant to the Initial Issue and the Share Issuance Programme is 400,000,000.

The Company was launched as a closed-ended investment company in February 2017. The Company has successfully deployed the £843 million of equity and debt capital raised both on and since its IPO in February 2017 and, consequently, the Company has been considering a further equity raise to fund further investments in line with its investment policy and objective and with a view to delivering further value for its shareholders.

Summary

- Issue of up to 60,164,539 New Ordinary Shares pursuant to an Initial Placing, Open Offer, Offer for Subscription and Intermediaries Offer, targeting gross proceeds of approximately £75 million
- Shareholders who qualify for the Open Offer ("**Qualifying Shareholders**") will be offered the opportunity to participate in the Open Offer on the basis of 3 New Ordinary Shares for every 26 Existing Ordinary Shares (the "**Open Offer Entitlement**")
- Qualifying Shareholders will also be offered the opportunity to subscribe for New Ordinary Shares in addition to their Open Offer Entitlement under an excess application facility (the "**Excess Application Facility**")
- The Board have reserved the right to increase the size of the Initial Issue by reallocating New Ordinary Shares otherwise available under the Share Issuance Programme to increase the size of the Initial Placing, the Offer for Subscription and/or the Intermediaries Offer. Any decision to increase the size of the Initial Issue will only be made after careful consideration of the size and availability of the Company's investment pipeline
- The Issue Price is 124.50 pence per New Ordinary Share. This represents a premium of 2.3 per cent. to the Estimated NAV per Ordinary Share as at 31 December 2020 (unaudited) of 123.2 pence, reduced by the Q3 dividend of 1.44 pence per Ordinary Share
- The Issue Price represents a discount of 3.0 per cent. to the closing price per Ordinary Share on 15 February 2021 of 128.4 pence per Ordinary Share (being the last business day prior to this announcement)
- The Investment Advisor, on behalf of the Company, has identified a significant pipeline of additional assets which meet the Company's investment objective and policy, the vast majority of which have been sourced off-market through the Investment Advisor's extensive contacts and relationships
- The pipeline assets, which total around £140 million including expected costs, are diversified across a range of defensive and structurally supported sub-sectors, including foodstores, industrial, drive-thru coffee and garden centres. They benefit from a long weighted average unexpired lease term to expiry of 21 years and to first break of 20 years and a blended net initial yield of 5.5 per cent. (net of acquisition costs). These assets are diversified by location and leased to a range of institutional-grade tenants with strong financial covenants, with rental uplifts linked to inflation or a fixed growth rate and with a good mix within the pipeline of built assets and forward funded structures
- Although there can be no assurance that any of these properties will be purchased by the Company, the Investment Advisor is confident that it will substantially invest or commit the net proceeds resulting from the Initial Issue within three months following Initial Admission
- The Company has reported continuing robust rent collection, despite the pandemic, and as announced on 11 February 2021, the Company is now targeting an annual dividend of 6.0 pence per Ordinary Share for the 12-month period commencing on 1 April 2021* (which represents a 4.3 per cent. increase on the Company's pre-Covid-19 dividend rate of 5.75 pence per Ordinary Share)
- The results of the Initial Issue are expected to be announced in early March 2021 and a full timetable will be published shortly in the Prospectus

Commenting on today's announcement, Stephen Hubbard, Chairman of LXi REIT plc, said:

"This Initial Issue will enable the Company to capitalise on its £140 million pipeline of off market investment opportunities. The properties are diversified across a range of defensive and structurally supported sub-sectors and let to high-quality tenant covenants. We expect these opportunities to deliver attractive returns to our shareholders going forward."

Applications will be made to the Financial Conduct Authority and the London Stock Exchange for all of the New Ordinary Shares to be issued pursuant to the Initial Issue and the Share Issuance Programme to be admitted to the premium listing segment of the Official List and to trading on the premium segment of the Main Market ("**Admission**"). It is expected that Admission in respect of the Initial Issue ("**Initial Admission**") will become effective and dealings in the New Ordinary Shares will commence in March 2021.

Terms not otherwise defined in this announcement have the meanings that will be given to them in the Prospectus. This summary should be read in conjunction with the full text of this announcement and the Prospectus, when available.

Background to, and reasons for, the Initial Issue

The Company listed on the London Stock Exchange in 2017 with the objective of delivering inflation-protected income, as well as ongoing capital growth, by investing in a diversified portfolio of UK property that benefits from long term index-linked leases with institutional-grade tenants. The Company has successfully deployed the £843 million of equity and debt capital raised on and since its IPO in February 2017 and, consequently, has been considering a further equity raise to fund an accretive pipeline. The Board is therefore proposing to seek Shareholder approval at the General Meeting to authorise the Directors to allot New Ordinary Shares pursuant to the Initial Issue and the Share Issuance Programme to fund further investments in line with its investment policy and objective and with a view to delivering further value for its Shareholders.

The Investment Advisor, on behalf of the Company, has identified a significant pipeline of additional assets which meet the Company's investment objective and policy, the vast majority of which have been sourced off-market through the Investment Advisor's extensive contacts and relationships.

The Investment Advisor has already commenced negotiations and discussions concerning the acquisition of such assets on behalf of the Company. Furthermore, the Investment Advisor, on behalf of the Company, has entered into exclusivity agreements in relation to the acquisition of a number of these assets.

These assets are diversified by location and leased to a range of institutional-grade tenants with strong financial covenants, with rental uplifts linked to inflation or a fixed growth rate and with a good mix within the pipeline of built assets and forward funded structures.

The assets, which total around £140 million including expected costs, are diversified across a range of defensive and structurally supported sub-sectors, including foodstores, industrial, drive-thru coffee and garden centres. They benefit from a long weighted average unexpired lease term to expiry of 21 years and to first break of 20 years and a blended net initial yield of 5.5 per cent. (net of acquisition costs) (versus a current portfolio valuation yield of 5.0 per cent. as at 31 December 2020).

These acquisitions are subject to ongoing due diligence by the Investment Advisor and the Company's other professional advisers. The Company currently has no binding contractual obligations with potential vendors and, although there can be no assurance that any of these properties will be purchased by the Company, the Investment Advisor is confident that it will substantially invest or commit the net proceeds resulting from the Initial Issue within three months following Initial Admission. The Company fully invested the proceeds of its two previous capital raises within six weeks of closing those raises.

Following completion of the Initial Issue, the Board believes that it is in the Company's best interests that it has the flexibility to issue further New Ordinary Shares during the 12 months following publication of the Prospectus in order to raise additional capital for the purpose of investment in accordance with the Company's investment policy and objective. Conditional on the passing of the Issue Resolutions to be proposed at the General Meeting, the Board will be authorised to issue up to 400,000,000 New Ordinary Shares (less the number of New Ordinary Shares issued pursuant to the Initial Issue) pursuant to the Share Issuance Programme. If approved, the Share Issuance Programme may be implemented by way of a series of placings and, potentially, open offers, offers for subscription and/or intermediaries offers. Any such issues of New Ordinary Shares would be at the discretion of the Directors.

Benefits of the Issue

The Board believes that the Initial Issue and the Share Issuance Programme will have the following benefits for the Company:

- The additional assets forming the pipeline identified by the Investment Advisor, if acquired, are expected to further diversify the Company's portfolio of properties in terms of tenant, geographic and sector exposures at a net initial yield higher than the current portfolio valuation yield.
- The Initial Issue and the Share Issuance Programme are expected to broaden the Company's investor base and enhance the size and liquidity of the Company's share capital.
- Growing the Company through the Initial Issue and the Share Issuance Programme will spread the fixed operating costs over a larger capital base, thereby reducing the Company's ongoing charges ratio.
- The Share Issuance Programme will give the Company the flexibility to raise additional capital following completion of the Initial Issue for the purpose of investment in accordance with the investment policy and objective of the Company and with a view to delivering further value for Shareholders.

Overview of the Initial Issue

Initial Issue

The Company is targeting an issue of approximately £75 million (gross) through the issue of 60,164,539 New Ordinary Shares pursuant to the Initial Issue at the Issue Price of 124.50 pence per New Ordinary Share.

If the overall demand exceeds this target, the Directors have reserved the right, following consultation with Peel Hunt and Jefferies (the "**Joint Bookrunners**"), to increase the size of the Initial Issue by reallocating New Ordinary Shares that would otherwise be available under the Share Issuance Programme to increase the size of the Initial Placing, the Offer for Subscription and/or the Intermediaries Offer. Any decision to increase the size of the Initial Issue will only be made after careful consideration of the size and availability of the Company's investment pipeline. The maximum number of New Ordinary Shares that may be issued pursuant to the Initial Issue and the Share Issuance Programme is 400,000,000.

The actual number of New Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the gross proceeds of the Initial Issue (the "**Gross Issue Proceeds**"), is not known as at the date of this announcement but will be notified by the Company via a RIS prior to Initial Admission. The Directors intend to use the net proceeds of the Initial Issue to acquire investments in accordance with the Company's investment policy and objective, as will be more fully set out in the Prospectus.

The New Ordinary Shares issued pursuant to the Initial Issue will, following Initial Admission, rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid in respect of the Ordinary Shares by reference to a record date after Initial Admission. For the avoidance of doubt, the New Ordinary Shares will not be eligible to receive the interim quarterly dividend, in respect of the quarter ended 31 December 2020, of 1.44 pence per Ordinary Share, payable on 26 March 2021 to shareholders on the register at 26 February 2021, as declared on 11 February 2021.

The Issue Price is calculated by reference to the Estimated NAV per Ordinary Share as at 31 December 2020 (unaudited) of 123.2 pence, reduced by the dividend of 1.44 pence per Ordinary Share announced on 11 February 2021 with a record date of 26 February 2021, in respect of the quarter ended 30 December 2020, and increased to reflect the costs and expenses of the Initial Issue, which are expected to be approximately 2 per cent. of the Gross Issue Proceeds.

Initial Placing

Peel Hunt and Jefferies have each agreed to use their reasonable endeavours to procure subscribers for New Ordinary Shares pursuant to the Initial Placing. The terms and conditions which shall apply to any subscription for New Ordinary Shares pursuant to the Initial Placing will be set out in the Prospectus.

Open Offer

New Ordinary Shares are being offered to Qualifying Shareholders by way of the Open Offer. The Open Offer will provide an opportunity for Qualifying Shareholders to participate in the Initial Issue by subscribing for their Open Offer Entitlements, being 3 New Ordinary Shares for every 26 Existing Ordinary Shares held and registered in their name at a record date to be specified in the Prospectus.

If the Initial Issue proceeds, valid applications under the Open Offer will be satisfied in full up to applicants' Open Offer Entitlements. Any New Ordinary Shares not taken up under the Open Offer will be made available under the Excess Application Facility, the Initial Placing, the Offer for Subscription and the Intermediaries Offer. Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to New Ordinary Shares will be disregarded in calculating Open Offer Entitlements. Fractions will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders who wish to subscribe for more New Ordinary Shares than their Open Offer Entitlement could therefore make an application under the Excess Application Facility, the Offer for Subscription, the Intermediaries Offer or, if appropriate, the Initial Placing. Shareholders should be aware that the Open Offer is not a rights issue and Open Offer Entitlements cannot be traded.

The full details of the timetable relating to the Open Offer will be contained within the Prospectus, together with details of how Shareholders can apply for New Ordinary Shares under the Open Offer. Shareholders should not subscribe for or purchase any New Ordinary Shares except on the basis of information set out in the Prospectus.

Offer for Subscription

The Directors are also proposing to offer New Ordinary Shares under the Offer for Subscription, subject to the terms and conditions to be set out in the Prospectus. The Offer for Subscription will be made available in the United Kingdom, Guernsey, Jersey and the Isle of Man. Individual applications must be for a minimum subscription of 1,000 New Ordinary Shares and then in multiples of 1,000 New Ordinary Shares thereafter, although the Board has discretion to accept applications below these minimum amounts. Multiple subscriptions under the Offer for Subscription by individual investors will not be accepted.

Intermediaries Offer

Prospective investors may also subscribe for New Ordinary Shares pursuant to the Intermediaries Offer. Only the Intermediaries' retail investor clients in the United Kingdom, Guernsey, Jersey and the Isle of Man are eligible to participate in the Intermediaries Offer. Investors may apply to any one of the Intermediaries to be accepted as their client.

No New Ordinary Shares allocated under the Intermediaries Offer will be registered in the name of any person whose registered address is outside the United Kingdom, the Channel Islands or the Isle of Man. A minimum application of 1,000 New Ordinary Shares per Underlying Applicant will apply and thereafter an Underlying Applicant may apply for any higher amount. Allocations to Intermediaries will be determined solely by the Company (following consultation with Peel Hunt, in its capacity as intermediaries offer adviser, and Jefferies).

Scaling back and allocation

The Directors have reserved the right, following consultation with the Joint Bookrunners, to increase the size of the Initial Issue if overall demand exceeds 60,164,539 New Ordinary Shares by reallocating New Ordinary Shares that would otherwise be available under the Share Issuance Programme to increase the size of the Initial Placing, the Offer for Subscription and/or the Intermediaries Offer.

In the event that commitments under the Initial Issue exceed the maximum number of New Ordinary Shares available (notwithstanding any such reallocation), applications under the Initial Issue (other than applications up to Qualifying Shareholders' full entitlement under the Open Offer) will be scaled back at the Company's discretion following consultation with the Joint Bookrunners. The basis of allocation of New Ordinary Shares under the Initial Issue will be:

(i) to each Qualifying Shareholder who applies, up to his full entitlement under the Open Offer (New Ordinary Shares issued to Qualifying Shareholders under the Open Offer are not subject to scaling back to satisfy valid applications under the Initial Placing, the Offer for Subscription, the Intermediaries Offer or the Excess Application Facility); and

(ii) any New Ordinary Shares not taken up under the Open Offer or otherwise available under the Initial Issue, to applicants under the Initial Placing, the Offer for Subscription, the Intermediaries Offer and the Excess Application Facility, with applications scaled back at the discretion of the Company following consultation with the Joint Bookrunners.

There will be no priority given to applications under the Initial Placing, the Offer for Subscription, the Intermediaries Offer or the Excess Application Facility pursuant to the Initial Issue.

New Ordinary Shares and future dividends

The Directors have considered the potential impact of the Initial Issue on the payment of dividends to existing holders of Ordinary Shares and will take steps to ensure that it will not result in any material dilution of the dividends attributable to existing Shareholders. Holders of New Ordinary Shares will not be entitled to receive any dividends declared with a record date prior to the date of their issue.

On 11 February 2021, the Board declared an interim dividend of 1.44 pence per Ordinary Share in respect of the quarter ended 31 December 2020, payable on 26 March 2021 to Shareholders on the register at 26 February 2021 (the "**Q3 Dividend**"). Accordingly, holders of New Ordinary Shares issued pursuant to the Initial Issue (or the Share Issuance Programme) will not be entitled to receive the Q3 Dividend.

However, holders of the New Ordinary Shares issued pursuant to the Initial Issue will be entitled to receive any dividend declared in respect of the quarter ending 31 March 2021. On 11 February 2021, the Board confirmed that it continues to target an interim dividend of 1.46 pence per Ordinary Share in respect of the quarter ending 31 March 2021.

Throughout the pandemic, the Company has maintained a policy to continue to pay dividends which are covered by net income. The Board reported on 11 February 2021, that, following successive quarters of strong rent collection and rental growth, the Company is targeting an annual dividend of 6.0 pence per Ordinary Share for the 12-month period commencing 1 April 2021* (the "**Annual Dividend Target**").

The Annual Dividend Target assumes that rent collection levels remain in line with forecasts and the resulting dividend will be fully covered by net rental income. The Annual Dividend Target will be payable in equal quarterly instalments of 1.50 pence per Ordinary Share and represents a 4.3 per cent. increase on the Company's pre-Covid-19 dividend rate of 5.75 pence per Ordinary Share.

Share Issuance Programme

Following the Initial Issue, the Directors intend to implement the Share Issuance Programme to enable the Company to raise additional capital in the 12 months following publication of the Prospectus for the purpose of investment in accordance with the investment policy and objective of the Company and with a view to delivering further value for Shareholders.

The Directors will seek authority at the General Meeting to allot up to 400,000,000 million New Ordinary Shares pursuant to the Initial Issue and the Share Issuance Programme. Assuming 60,164,539 New Ordinary Shares are issued pursuant to the Initial Issue (being the target number of New Ordinary Shares to be issued thereunder), the Directors will be authorised to issue a further 339,835,461 New Ordinary Shares pursuant to the Share Issuance Programme (conditional on the passing of the Issue Resolutions). However, the number of New Ordinary Shares available under the Share Issuance Programme is intended to be flexible and should not be taken as an indication of the number of shares to be issued (which will depend on investor demand, the wider investment market for long leased property assets, and the Company's ability to source attractive investment opportunities in this market).

Any New Ordinary Shares issued pursuant to the Share Issuance Programme will, following the relevant Admission, rank *pari passu* in all respects with the Ordinary Shares then in issue and will carry the right to receive all dividends and distributions declared, made or paid in respect of the Ordinary Shares by reference to a record date after the relevant Admission.

The Share Issuance Programme may be implemented by a series of placings, the terms and conditions of which will be set out in the Prospectus, and/or by way of open offers, offers for subscription and/or intermediaries offers, the terms of which will be published at the time of such open offers, offers for subscription or intermediaries offers (each a "**Subsequent Issue**"). Conditional on the passing of the Issue Resolutions, the issue of New Ordinary Shares pursuant to the Share Issuance

Programme will be at the discretion of the Directors.

The price at which New Ordinary Shares will be issued pursuant to a Subsequent Issue under the Share Issuance Programme will be determined by the Company and will be not less than the prevailing Net Asset Value per Ordinary Share at the time of issue plus a premium to cover the costs and expenses of such issue. Further information on the Share Issuance Programme will be set out in the Prospectus.

Considerations associated with the Proposals

Shareholders should have regard to the following when considering the Proposals:

- The past performance of the Company or of the Investment Advisor is not necessarily indicative of likely future performance.
- All existing Shareholders not participating in the Initial Issue will be diluted. Furthermore, Shareholders who choose not to, or who are unable to, participate in any Subsequent Issue under the Share Issuance Programme for an amount at least pro rata to their existing holding will have their percentage holding diluted following the relevant Admission. Assuming that 400,000,000 New Ordinary Shares are issued pursuant to the Initial Issue and the Share Issuance Programme (being the maximum number of New Ordinary Shares that the Directors would be authorised to issue thereunder): (i) Qualifying Shareholders who take up their full Open Offer Entitlement under the Initial Issue (excluding any New Ordinary Shares acquired through the Excess Application Facility) will suffer a maximum dilution of approximately 36.9 per cent. to their ownership and voting interests in the Company by virtue of the issue of New Ordinary Shares pursuant to the Initial Issue and the Share Issuance Programme; and (ii) Qualifying Shareholders who do not take up any of their Open Offer Entitlement under the Initial Issue and Shareholders who are not eligible to participate in the Open Offer will suffer a maximum dilution of approximately 43.4 per cent. to their ownership and voting interests in the Company by virtue of the issue of New Ordinary Shares pursuant to the Initial Issue and the Share Issuance Programme.
- The Company has not entered into any legally binding contractual arrangements to acquire any further properties from any potential vendors. There can therefore be no assurance as to how long it will take for the Company to invest the proceeds of the Initial Issue. Even where the Company, acting on advice from the Investment Advisor, has identified and approved the acquisition of a property in line with its investment objective and investment policy, it may encounter a number of delays before the property is finally acquired. The past performance of the Investment Advisor in terms of the speed of deployment of the £843 million of equity and debt raised on and since the Company's IPO cannot be taken as an indication of the speed of deployment of the net proceeds of the Initial Issue.

Shareholders should read the Risk Factor section in the Prospectus in full.

General Meeting

The Initial Issue and the Share Issuance Programme are conditional on the approval by Shareholders of the Issue Resolutions to be proposed at a General Meeting of the Company which is expected to be convened on or around 10 March 2021.

The Company currently has authority to issue up to 52,142,601 Ordinary Shares on a non-pre-emptive basis. It is proposed that the authorities sought at the General Meeting, if approved, will be in addition to any existing authorities obtained by the Company.

In accordance with the Articles, all Shareholders present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Ordinary Share held. In order to ensure that a quorum is present at the General Meeting, it is necessary for two Shareholders entitled to vote to be present, whether in person or by proxy (or, if a corporation, by a representative).

All Shareholders are entitled to attend and vote at the General Meeting. However, In light of the ongoing COVID-19 pandemic and the measures imposed by the UK Government to combat the spread of the virus, the General Meeting will be run as a closed meeting and Shareholders will not be permitted to attend in person.

The formal notice convening the General Meeting will be set out in the Circular, expected to be published shortly.

Company Overview

- The Company's current portfolio:
  - has a long weighted average unexpired lease term to first break of 21 years, with 95 per cent. of its rental income being index-linked or containing fixed uplifts;
  - was acquired at an attractive average net initial yield of 5.8 per cent., which is 80 basis points above its current portfolio valuation yield (as at 31 December 2020), through a mix of pre-let forward fundings and built asset acquisitions;
  - is 100 per cent. let or pre-let to over 50 institutional-grade tenants across a range of robust sectors; and
  - is leveraged at 30 per cent. LTV, with a weighted average of 13 years unexpired and a fixed average rate of 2.85 per cent. per annum on the Company's term loans
- The Company has delivered an average annual total NAV return of 10 per cent. per annum since IPO
- The Company has effected selective asset disposals generating an average geared IRR of 23 per cent. per annum

FOR FURTHER INFORMATION, PLEASE CONTACT:

LXI REIT Advisors Limited John White Simon Lee Freddie Brooks	Via Maitland/AMO
Peel Hunt LLP (Sponsor, Joint Global Co-ordinator, Joint Broker, Joint Bookrunner and Intermediaries Offer Adviser) Luke Simpson, Liz Yong, Tom Pocock (IBD) Alex Howe, Chris Bunstead (Sales) Alistair Boyle (Intermediaries) Al Rae, Sohail Akbar (Syndicate)	Tel: 020 7418 8900

Jefferies International Limited and Jefferies GmbH (Joint Global Co-ordinator, Joint Broker and Joint Bookrunner) Ed Matthews - ematthews1@jefferies.com Tom Yeadon - tyeadon@jefferies.com	020 7029 8000
Maitland/AMO (Communications Adviser) James Benjamin	07747 113 930 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 an annual dividend of 6.0 pence per Ordinary Share for the 12-months commencing 1 April 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 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.

** These are guidance levels or targets only and not a profit forecast. In setting this target the Board has applied sensitivities to contracted rental income that reflect the possible impact of the COVID-19 pandemic and assessed the effect of such sensitivities on the net earnings and liquidity of the Group. The target assumes that future rent collection is not materially lower than that achieved so far throughout the pandemic and the Board reserves the right to withdraw or amend guidance in the event that rent collection materially worsens.*

There can be no assurance that this target will be met and it should not be taken as an indication of the Group's expected future results which may be impacted by events or circumstances existing or arising after the date that the Annual Dividend Target was announced.

EXPECTED TIMETABLE

	2021
Posting of the Circular and Notice of General Meeting	Mid-February
Prospectus published and Initial Issue opens	Mid-February
General Meeting	Early-March
Initial Issue closes	Early-March
Announcement of the results of the Initial Issue	Early-March

The above times and/or dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders by an announcement through a Regulatory Information Service.

All references to times in this announcement are to London times.

About the AIFM and LXI REIT Advisors Limited

The Company has appointed Alvarium Fund Managers (UK) Limited as its alternative investment fund manager (the "**AIFM**"). The Company and the AIFM have appointed the Investment Advisor to provide certain services in relation to the Company and its portfolio.

Alvarium Fund Managers (UK) Limited is 100 per cent. owned by Alvarium Investments Limited. Alvarium was established in 2009 and has grown to become a substantial, international multi-family office and asset manager, supervising in excess of US$18 billion of assets, for families, private individuals and institutions. It has over 200 employees and 12 offices around the world.

The Investment Advisor has extensive expertise in the purchase and forward funding of commercial property assets let or pre-let on long, index-linked leases to institutional grade tenants with strong financial covenants across a wide range of defensive and robust sectors.

The Investment Advisor comprises property, legal and finance professionals with significant experience in the real estate sector, as described below. The team has capitalised and transacted over £2 billion of commercial property assets with a particular focus on accessing secure, long-let and index-linked UK commercial real estate through forward funding and built asset structures.

The core management team of the Investment Advisor (whose details are set out below) is supported by a team of other accounting, asset management, compliance, marketing, public relations, administrative and support staff. The key individuals responsible for executing the Company's investment strategy at the Investment Advisor are:

John White

John entered the commercial property market in 1987 and after qualifying as a chartered surveyor at Allsops moved to the investment team at Cushman & Wakefield. There he became a partner and spent the next 18 years advising a range of institutional investor clients on their UK acquisitions and disposals across the full range of real estate sub-sectors including retail (in and out of town), offices (London, Thames Valley and regional cities), logistics, and alternatives. John moved into private equity real estate in 2007 and co-founded Osprey Equity Partners in 2011 and LXi REIT Advisors Limited in 2016.

Simon Lee

Simon trained and practised as a solicitor at City law firm, Slaughter and May, from 1999 to 2006, following which he spent the next 10 years in private equity real estate, co-founding Osprey Equity Partners in 2011 and LXi REIT Advisors Limited in 2016. Simon's role covers a wide range of areas, including formulating investment strategies and products, raising equity and debt finance, asset selection, and negotiating and implementing transactions with vendors, purchasers, developers, investors, lenders and joint venture partners.

Freddie Brooks

Freddie trained and qualified as a chartered accountant in BDO's Real Estate and Construction team, gaining significant experience in the sector, working with similar listed vehicles, private property funds, developers and a number of the UK's top contractors. Freddie is also a qualified chartered surveyor (property finance and investment pathway) and a member of the RICS. Freddie's role covers all historical and strategic financial matters including annual and interim reporting, budgeting and forecasting, treasury management and the monitoring of internal controls. Freddie is also responsible for the Investment Advisor's reporting to the Company's Board of Directors.

Directors of the Company

The Directors are as follows:

Stephen Hubbard, non-executive Chairman

Stephen Hubbard previously served as Executive Chairman of UK CBRE Group, the world's largest property advisory firm. Before that Stephen served as Co-Head of CBRE Capital Markets Europe. He joined Richard Ellis in 1976 and served as Head of EMEA and UK Capital Markets from 1998 to 2012. He is also a member of the Advisory Board for Redevco which is a pan-European property holding company. In July 2020, Stephen became the Chairman of Workspace Group plc, having served as a non-executive director since July 2014.

Colin Smith OBE, non-executive Director

Colin Smith OBE served for ten years as Chairman of Poundland Group Holdings, Europe's largest single price discount retailer. Prior to this, he was Chief Executive and Finance Director of Safeway Plc, the national supermarket retailer. Colin served as Chairman of Hilton Food Group plc between 2016 and 2018, having previously served as a non-executive director since 2010. He also has experience in the not for profit sector, formerly serving as Chairman of The Challenge Network, as a trustee of Save the Children and as Chairman of the food industry sponsored Red Tractor assurance scheme. Colin has been appointed as the Company's Senior Independent Director.

Jeannette (Jan) Etherden, non-executive Director

Jan Etherden has over 35 years' experience in the investment industry, as an analyst, fund manager, then a non-executive director. Previously head of UK equities for Confederation Life/Sun Life of Canada, she joined Newton in 1996 as a director specialising in multi-asset segregated portfolios and also was their Investment COO from 1999 to 2001. Subsequently she worked with Olympus Capital Management as business development manager for specialist hedge fund products. She is a director of Miton UK MicroCap Trust plc and has previously served on the Boards of Ruffer Investment Company Ltd and TwentyFour Income Fund Ltd.

John Cartwright, non-executive Director

John Cartwright was formerly Chief Executive of The Association of Real Estate Funds (AREF) from 2009 to 2019. His responsibilities as Chief Executive of AREF were to represent and promote the interests of members, promote best practice in fund governance and ensure the smooth running of the association. Prior to this, John was with M&G Real Estate (formerly PRUPIM) for nearly 35 years in a variety of roles; latterly as Head of Institutional and Retail Funds and a member of PRUPIM's Board and Investment Committee. He has more than 20 years' experience of managing pooled and segregated accounts for both retail and institutional investors. John is also a member of the Investment Committee of Lothbury Property Trust.

Patricia Dimond, non-executive Director

Patricia Dimond has had an international career with over 30 years in consumer and financial markets. As an Executive or Strategic Advisor, she has worked with FTSE 100, Private Equity and owner managed companies. She is an investor in early stage technology ventures, with an expertise in Fintech. Patricia is an alumnae of McKinsey, 1994-1999 and a Chartered Financial Analyst (CFA), 2006. She qualified, with Deloitte, as a Chartered Accountant (CA) in 1985, and holds an MBA from IMD Switzerland, 1993. Patricia currently serves as a Non-Executive Director for the English National Opera, where she is Senior Independent Director (SID) and Chair of Audit and Risk, and, as a non-executive director of Foresight VCT plc.

Disclaimer

This announcement is an advertisement and does not constitute a prospectus and investors must subscribe for or purchase any shares referred to in this announcement only on the basis of information contained in the Prospectus expected to be published by the Company shortly and not in reliance on this announcement. Copies of the Prospectus may, subject to any applicable law, be obtained from the registered office of the Company and at the National Storage Mechanism at https://data.fca.org.uk/#/nsm/nationalstoragemechanism and on the Company's website, *www.lxireit.com/company-documents*. Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of an RIS announcement, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company. This announcement does not constitute, and may not be construed as, an offer to sell or an invitation to purchase investments of any description or a recommendation regarding the issue or the provision of investment advice by any party. No information set out in this announcement is intended to form the basis of any contract of sale, investment decision or any decision to purchase shares in the Company. Approval of the prospectus by the FCA should not be understood as an endorsement of the securities that are the subject of the prospectus. Potential investors are recommended to read the prospectus before making an investment decision in order to fully understand the potential risks and rewards associated with a decision to invest in the Company's securities.

This is a financial promotion and is not intended to be investment advice. The content of this announcement, which has been prepared by and is the sole responsibility of the Company, has been approved by Alvarium Fund Managers (UK) Limited, which is authorised and regulated by the Financial Conduct Authority, solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended).

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia, collectively, the "**United States**"). This announcement is not an offer of securities for sale in or into the United States. The New Ordinary Shares have not been, and will not be, registered under the US Securities Act 1933, as amended (the "**US Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold into or within the United States, absent registration under, or except pursuant to an exemption from the registration requirements of, the US Securities Act, and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. No public offering of securiteis is being made in the United States.

In addition the Company has not been and will not be registered under the US Investment Company Act of 1940, as amended.

Further, this announcement is not for release, publication or distribution into Australia, New Zealand, Canada, Singapore, the Republic of South Africa, Japan or any member state of the EEA (other than any member state of the EEA where the Company's securities may be lawfully marketed) or any other jurisdiction where such distribution is unlawful.

The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Each of Peel Hunt LLP (**"Peel Hunt"**), Jefferies International Limited, both of which are authorised and regulated in the United Kingdom by the FCA, and Jefferies GmbH, registered in Germany and authorised and regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (together, Jefferies International Limited and Jefferies GmbH, being **"Jefferies"**), is acting exclusively for the Company and for no-one else and will not regard any other person (whether or not a recipient of this announcement or the Prospectus) as its client in relation to the Initial Issue, the Share Issuance Programme and the other arrangements referred to in the Prospectus and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in connection with the Initial Issue, the Share Issuance Programme, any Admission and the other arrangements referred to in this announcement and in the Prospectus.

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. Figures refer to past performance and past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations.

This announcement contains forward looking statements, including, without limitation, statements including the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

These forward-looking statements speak only as at the date of this announcement and cannot be relied upon as a guide to future performance. The Company, the Investment Advisor, the AIFM, Peel Hunt and Jefferies expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by the Financial Services and Markets Act 2000, the Prospectus Regulation Rules of the Financial Conduct Authority, the UK Market Abuse Regulation or other applicable laws, regulations or rules.

The information in this announcement is for background purposes only and does not purport to be full or complete. None of Peel Hunt or Jefferies, or any of their respective affiliates, accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to this announcement, including the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith. Peel Hunt and Jefferies, and their affiliates, accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Initial Issue and/or any Subsequent Issue, Peel Hunt and/or Jefferies, and any of their affiliates, may take up a portion of the New Ordinary Shares as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such New Ordinary Shares and other securities of the Company or related investments in connection with the Initial Issue, relevant Subsequent Issue or otherwise. Accordingly, references in the Prospectus, once published, to the New Ordinary Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, Peel Hunt and any of its affiliates and/or Jefferies and any of its affiliates acting in such capacity. In addition Peel Hunt and/or Jefferies, and any of their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Peel Hunt and/or Jefferies, and any of their affiliates may from time to time acquire, hold or dispose of Ordinary Shares. Peel Hunt and Jefferies do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) the UK's implementation of EU Directive 2014/65/EU on markets in financial instruments, as amended ("UK **MiFID II**"); and (b) the UK's implementation of Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing UK MiFID II, and in particular Chapter 3 of the Product Intervention and Product Governance Sourcebook of the FCA (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in UK MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by UK MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors (such term to have the same meaning as in the MiFID II Product Governance Requirements) should note that: the market price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Inital Issue and/or Share Issuance Programme. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Peel Hunt and Jefferies will only procure investors (pursuant to the Initial Issue and Share Issuance Programme) who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of UK MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

END

IOEGPUUPPUPGPGA