London Stock Exchange

RNS Issue of Equity

Proposed Placing-Portfolio Valuation-Estimated NAV

LXI REIT PLC

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LXi REIT plc

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

Proposed Placing

and

Portfolio valuation and Estimated Net Asset Value

The board of Directors (the "Board") of LXi REIT (ticker: LXI), the specialist inflation-protected long income REIT, today announces its intention to raise approximately £75 million by way of a placing pursuant to its existing Share Issuance Programme at a price of 133 pence per New Ordinary Share (the "Placing").

Highlights

- Placing of approximately 56.4 million New Ordinary Shares at 133 pence per New Ordinary Share (the "Placing Price") by way of a Placing pursuant to the Company's existing Share Issuance Programme;
- The Placing Price of 133 pence represents a 2.3 per cent. premium to the Company's estimated IFRS net asset value ("Estimated NAV") and estimated EPRA net tangible assets ("Estimated EPRA NTA") of 130 pence per Ordinary Share as at 1 June 2021, and, a discount of 7.9 per cent. to the Company's closing share price of 144.4 pence per Ordinary Share on 23 June 2021 (being the last business day prior to this announcement);
- The Investment Advisor, on behalf of the Company, has identified a significant pipeline of attractive investment opportunities, valued at approximately £125 million. The vast majority of these assets have been sourced off-market through the Investment Advisor's extensive contacts and relationships;
- The pipeline has an average net initial yield of 5.5 per cent, a long WAULT to first break of over 25 years and benefits from rents which are all either inflation linked or contain fixed uplifts. The pipeline includes:
    - Two sale and leaseback portfolios focused on the education sector which the Investment Advisor has identified as a new long income sub-sector for the Company which currently benefits from attractive investment fundamentals;
    - Long lease, forward funding grocery assets pre-let to Lidl, Co-Op and Sainsbury's which the Investment Advisor believes are available at attractive net initial yields and benefit from long inflation linked leases with low and sustainable underlying rental levels; and
    - A forward funding portfolio of drive-thru coffee assets which will add further scale to the Company's existing investments in this space.
- The Investment Advisor expects all of these opportunities to be available in the near-term. However, the Investment Advisor will also continue to explore other opportunities across the market to provide additional visibility on current pricing as well as optionality if acceptable terms cannot be reached with the preferred vendors.

The Placing is being conducted under the Company's existing Share Issuance Programme in accordance with the prospectus dated 18 February 2021, as supplemented by the supplementary prospectus dated 23 June 2021.

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

"This Placing will enable the Company to capitalise on a near term pipeline of sale and leaseback and other long income, forward funding opportunities. The properties in the pipeline are diversified across a range of defensive and structurally supported sub-sectors and let to high-quality tenant covenants.

We are delighted to see the strong valuation gains across the portfolio over the last few months. We specifically note that the Company's purchases since our 31 March 2021 results have risen in value by an average of 9 per cent. which demonstrates our ability to create additional value for shareholders by sourcing attractive off-market properties and forward funding opportunities.

At a time when inflation concerns are rising, the value in our long leases with embedded indexation and strong property and covenant fundamentals is becoming clearer to all. We expect the portfolio to continue to deliver attractive and resilient returns to our shareholders going forward."

Background to the Placing

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 currently has a portfolio of approximately £1.1 billion(1), across over 140 assets and is further diversified by multiple long income real estate sub-sectors including Industrial and Logistics, Grocery and Healthcare. 95 per cent. of the Company's rent is linked to RPI/CPI or benefits from fixed increases and the weighted average unexpired lease term to first break across the portfolio is 22 years(2).

The Company has a conservative approach to gearing, with a medium term target LTV of 30 per cent. The Company has recently agreed terms to expand its revolving credit facility by £65 million at an attractive 1.55 per cent. margin over SONIA providing additional operational flexibility.

Despite difficult trading conditions, the Company has performed well over the last year with very high levels of rent collection and the Company now has a market capitalisation of approximately £900 million. Since its IPO the Company has delivered a total accounting return of 11 per cent. per annum, comprising compounded annual NAV growth and dividends paid to shareholders(2).

As a REIT, the Company is focused on delivering high-quality and stable dividends to its shareholders which will grow in line with the Company's inflation linked rental streams. The Company has a dividend target of 6.0 pence per Ordinary Share for the financial year to 31 March 2022(3), which represents a dividend yield of 4.5 per cent. at the Placing Price.

Estimated Net Asset Value

The Company's portfolio has been valued by its independent third party valuer as at 1 June 2021 at £1.08 billion reflecting a 4.7 per cent. net initial yield.

On a like-for-like basis the Company's real estate sub-sectors have all experienced valuation gains since the Company's independent valuation on 31 March 2021 with the largest contributor being the Company's industrial and logistics portfolio which continues to benefit from strong investment markets, good covenants and attractive supply and demand fundamentals. In addition, the Company's recent purchases acquired since 31 March 2021 have also benefited from increases in value with an average increase from acquisition cost to the 1 June 2021 valuation of 9 per cent. This demonstrates the Investment Advisor's ability to create additional value for shareholders by sourcing off-market properties and forward funding opportunities at attractive valuations.

The updated portfolio valuation results in an unaudited Estimated NAV and Estimated EPRA NTA of 130 pence per Ordinary Share(4), as at 1 June 2021. This represents an increase of 3.4 per cent. since the Company's last results for the 12 months ended 31 March 2021 which were announced on 19 May 2021.

Use of proceeds

The Company has established a strong track record of sourcing high-quality assets in advance of a fundraise and efficiently executing acquisitions afterwards, thereby minimising the potentially negative effect of cash drag on financial returns as well as providing investors with visibility on the use of proceeds. Indeed, following the Company's last fundraise in February 2021, the Company has successfully acquired £170 million of assets, the majority of which had been identified by the Investment Advisor prior to the February 2021 equity raise, which helped to ensure that the equity from this fundraise was invested within eight weeks.

The Investment Advisor has identified approximately £125 million of attractive, long income opportunities which it expects to be available for acquisition in the near term and which meet the Company's stringent acquisition criteria (the "Pipeline"). The Pipeline has an average net initial yield of 5.5 per cent., a long WAULT to first break of over 25 years and benefits from rents which are all either inflation linked or contain fixed uplifts.

The Pipeline includes two sale and leaseback transactions in the education sector. This sector continues to enjoy strong levels of government support whilst changing lifestyles and consumer expectations has created additional demand for education assets, especially at the nursery level. The education focused Pipeline assets consist of:

- An off-market, nursery school portfolio with new 30 year, annual RPI linked leases, a substantial group covenant, and strong rent covers; and
- An off-market, special education day school portfolio with new 35 year, annual RPI linked leases, government linked income and strong rent covers.

The Pipeline also includes six further opportunities which are currently in due diligence and include:

- Long lease grocery assets pre-let to Lidl, Co-Op and Sainsbury's. All four of the assets are forward funding opportunities which benefit from modern and well-designed buildings with good EPC ratings, low transaction costs, attractive net initial yields averaging 5.23 per cent. and an average WAULT of 18 years; and
- A forward funding portfolio of drive-thru coffee assets with 15 year, RPI linked leases. The Company continues to add scale in the drive thru sub-sector which benefits from strong property and credit fundamentals and this transaction would allow the Company to control a portfolio of 41 drive-thrus with a total value of approximately £60 million.

As with prior fundraise pipelines, the Company does not necessarily intend to invest in all the identified opportunities. However, the size and diversification of the Pipeline allows it to exercise pricing discipline when negotiating with vendors as well as helping to ensure efficient and timely deployment of capital.

Given the size and compelling nature of the current Pipeline, the Board and the Investment Advisor believe that it is now an appropriate time for the Company to issue new equity from its ongoing Share Issuance Programme in order to take advantage of these opportunities.

The consideration for the purchase of any of the Pipeline, if made, will be met from the net proceeds from the Placing with any balance to be funded from debt financing and/or assets sales as appropriate.

Benefits of the placing

The Board believes that proceeding with the Placing will have the following benefits for the Company:

- the net proceeds will be used to invest in an identified pipeline of long income real estate opportunities, further diversifying the portfolio, supplementing the Company's growing, inflation linked, income stream and capitalising on the Company's growing position in the long income real estate market;
- create the potential to enhance the NAV per share of the existing Ordinary Shares through the issuance of New Ordinary Shares at a premium to NAV, after the related costs have been deducted;
- spread the Company's fixed running costs across a wider base of shareholders thereby reducing the total expense ratio; and
- an increase in the Company's equity should improve liquidity and enhance the marketability of the Company's shares and result in a broader investor base over the longer term.

Further information on the Placing

The Company is proposing to raise gross issue proceeds of approximately £75 million by way of the Placing of 56,390,977 New Ordinary Shares pursuant to the Share Issuance Programme, at the Placing Price of 133 pence per New Ordinary Share.

Peel Hunt LLP ("Peel Hunt") and Jefferies International Limited ("Jefferies") are acting as joint global co-ordinators and bookrunners to the Company in connection with the Placing with Peel Hunt also acting as the Company's Sponsor. Peel Hunt and Jefferies will today commence a bookbuild process in respect of the Placing at the Placing Price. The Placing will be non-pre-emptive pursuant to the terms set out in the Prospectus and is expected to close no later than 4pm on 30 June 2021 but may be closed earlier or later at the absolute discretion of Jefferies, Peel Hunt and the Company.

The Placing is conditional, inter alia, on the New Ordinary Shares being admitted to listing on the premium listing segment of the Official List of the FCA, and to trading on the main market for listed securities of the London Stock Exchange (together, "Admission"). It is expected that Admission will become effective on, and that dealings for normal settlement in the New Ordinary Shares will commence on the London Stock Exchange by, 8.00 a.m. on 5 July 2021.

The New Ordinary Shares issued pursuant to the Placing will rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid by reference to a record date after the date of issue. For the avoidance of doubt, investors in the Placing will not be entitled to receive the interim quarterly dividend in respect of the quarter ended 31 March 2021 of 1.46 pence per Ordinary Share, payable on 16 July 2021 to shareholders on the register at 25 June 2021. However, investors will be entitled to receive the quarterly dividend declared by the Company for the three-month period to 30 June 2021, which is expected to be declared in September 2021.

The target number of New Ordinary Shares to be issued pursuant to the Placing is approximately 56.4 million but the Board may increase the number of New Ordinary Shares to be issued under the Placing if it, in consultation with Jefferies, Peel Hunt and the Investment Advisor, believes there is sufficient investor demand for those shares and suitable assets available for investment in which to deploy the Placing proceeds in a timely and efficient manner.

The Placing is not being underwritten. The Placing may be scaled back by the Company for any reason, including where it is necessary to scale back allocations to ensure the Placing proceeds align with the Company's post fundraise acquisition targets. Details of the number of New Ordinary Shares to be issued pursuant to the Placing will be determined by the Board (following consultation with Jefferies, Peel Hunt and the Investment Advisor) and will be announced as soon as practicable after the close of the Placing.

The Company has not entered into any legally binding contractual arrangements to acquire any of the Pipeline properties. There can therefore be no assurance that any of the properties identified in the Company's pipeline will be purchased by the Company. 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 equity and debt raised on and since the Company's IPO cannot therefore be taken as an indication of the speed of deployment of the net proceeds of the Placing.

The Placing Price is 133 pence per New Ordinary Share. The Placing Price has been set by the Board following their assessment of market conditions and represents a 2.3 per cent. premium to the Company's Estimated NAV and Estimated EPRA NTA of 130 pence per Ordinary Share as at 1 June 2021 and, a discount of 7.9 per cent. to the Company's closing share price of 144.4 pence per Ordinary Share on 23 June 2021 (being the last business day prior to this announcement).

By choosing to participate in the Placing and by making an oral and legally binding offer to subscribe for Ordinary Shares, investors will be deemed to have read and understood this announcement and the Prospectus in their entirety and to be making such offer on the terms and subject to the conditions in the Prospectus, and to be providing the representations, warranties and acknowledgements contained therein.

A copy of the Prospectus and the Supplementary Prospectus is available on National Storage Mechanism at: https://data.fca.org.uk/#/nsm/nationalstoragemechanism as well as on the Company's website at www.lxireit.com. Full details of the Terms and Conditions of the Placing are available in the Prospectus.

In order to ensure that UK retail shareholders of the Company can participate in the Company's fundraising plans, the Company intends to also make a retail offer via PrimaryBid on a similar timetable to the Placing. Details of the retail offer will be announced later today via a regulatory information service.

Expected Timetable

Placing opens	24 June 2021
Latest time and date for applications under the Placing	4pm on 30 June 2021

Results of the Placing announced	1 July 2021
Admission of the New Ordinary Shares to the Official List and commencement of dealings on the London Stock Exchange's main market	8.00 a.m. on 5 July 2021

The dates and times specified above are subject to change. In particular, the Directors may (with the prior approval of Jefferies and Peel Hunt) bring forward or postpone the closing time and date for the Placing. In the event that a date or time is changed, the Company will notify persons who have applied for New Ordinary Shares by post, by electronic mail or by the publication of a notice through a Regulatory Information Service. References to all times are to London times unless otherwise stated.

Dealing codes

Ticker	LXI
ISIN for the Ordinary Shares	GB00BYQ46T41
SEDOL for the Ordinary Shares	BYQ46T4
Legal Entity Identifier (LEI)	2138008YZGXOKAXQVI45

FOR FURTHER INFORMATION, PLEASE CONTACT:

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References:

(1) As at 1 June 2021

(2) As at 31 March 2021

(3) 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.

(4) The Estimated NAV and Estimated EPRA NTA has been calculated on an ex-dividend basis and therefore excludes the interim quarterly dividend in respect of the quarter ended 31 March 2021 of 1.46 pence per Ordinary Share, payable on 16 July 2021 to shareholders on the register at 25 June 2021.

Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as set out in the Prospectus.

Notes:

LXI REIT plc invests in UK commercial property assets let, or pre-let, on long-term, triple-net, inflation-linked leases to a wide range of strong tenant covenants across a diverse range of robust property sectors.

The Company aims to provide shareholders with an attractive return, in the form of quarterly income distributions and with the potential for capital and income growth from key strategies which include indexed rental uplifts, pre-let forward fundings, sale and leasebacks, and off-market, value driven acquisitions and sales.

The Company is targeting an annual dividend of 6.0 pence per Ordinary Share for the 12-months commencing 1 April 2021[3] and has delivered an average total NAV return of 10.1 per cent. per annum since IPO to 31 March 2021. The Group's medium-term total return target is a minimum of 8 per cent. per annum.

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.

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

Important Information

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 the tripartite prospectus (comprising a summary, registration document and securities note) published by LXi REIT plc on 18 February 2021, as supplemented by the supplementary prospectus published by LXi REIT plc on 23 June 2021 (together, the "Prospectus"), and not in reliance on this announcement.

The Prospectus is 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.

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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 securities 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.

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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.

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In connection with the Placing and/or any other 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 Placing, the relevant Subsequent Issue or otherwise. Accordingly, references in the Prospectus 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 Placing 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 Placing 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.

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