

LXi REIT plc

(the "Company", the "Group" or "LXi REIT")

ACCRETIVE ACQUISITIONS TOTALLING £80 MILLION AT 5.25% NIY
PROFITABLE DISPOSAL FOR £7.8 MILLION AT 3.8% NIY

The Board of LXi REIT (ticker: LXI), the specialist inflation-protected long income REIT, is pleased to announce the following acquisitions ("the Acquisitions") for a total cost of £80 million, reflecting an accretive 5.25% average net initial yield (versus a current portfolio value of 4.7%), which benefit from a long weighted average unexpired lease term to first break of 23 years, high-quality tenants, robust sectors and inflation-linked rental uplifts, following the Company's £100 million placing in July this year ("the Placing").

The Company is also in solicitors' hands on a range of pre-let forward fundings and sale and leasebacks, which will deploy the balance of the net equity proceeds of the Placing.

Life Science and Biotech campus, York

The Company has acquired a substantial Life Science and Biotech campus in York ("the Campus"). The Campus, which extends to 382,000 sq ft of highly specialist, world-class facilities across 82 acres, is an internationally renowned science facility.

The Campus is the place of work for 1,000 people, who utilise the fully fitted wet and dry labs, office and write-up space and specialist manufacturing facilities to perform the delivery of science, technology and product commercialisation. The Campus has a particular specialism in agri-tech, food biotechnology, environmental, medical, healthcare and diagnostic work.

As a secure site with highly specialist facilities, the Campus has acted as a national response site for the UK Government and has performed a key function during various public health crises, including Covid.

The Campus is fully let to Capita plc on a long lease with 25 years unexpired until first break. The rent increases on a five-yearly basis in line with RPI inflation (capped at 3.5% pa). Capita plc is listed on the London Stock Exchange, with a market cap of c. £840 million.

75% of the underlying income at the Campus is derived from UK Government agencies, with the remainder derived from high-growth SMEs. As such, the rent is underpinned by the current operational tenants, who include the Department for Environment, Food & Rural Affairs (DEFRA), Public Health England (PHE) and The Animal and Plant Health Agency (APHA).

The current rent is a very low £7.50 psf and is highly reversionary relative to the ERV of c. £13.50 psf.

Occupational demand for the Campus is significant, including from Government entities, and there is expansion space at the property which may provide opportunities for the Company to further enhance the value of the asset through the pre-let forward funding of additional buildings.

Media studios and HQ, Glasgow

The Company has acquired, through an off-market transaction, STV's media studios and HQ facility in Pacific Quay, Glasgow ("the Media Facility").

The Media Facility, which was purpose-built for STV, comprises 63,000 sq ft over four floors, along with 150 car parking spaces. It is mission critical for STV's business, containing all of STV's live news studios, along with editing and data storage and processing facilities. The property remained open throughout the pandemic.

The Media Facility benefits from a new, unbroken 20-year lease to STV plc, demonstrating the tenant's commitment to the site. The current rent reflects a low £16.25 psf, which is highly reversionary. Grade A office rent in Glasgow is currently in the order of £35 psf. The rent, during the lease term, increases five yearly at a fixed rate of 1.5% pa.

The Media Facility is well located on the south side of the Clyde at Pacific Quay. The area has become Glasgow's media and tech hub and is also home to BBC Scotland. Barclays have recently agreed to occupy 300,000 sq ft at Buchanan Wharf, which is to the east of the site. Over the adjacent bridge are the SSE Hydro, SEC Centre and SEC Armadillo, which are Scotland's leading events venues.

STV plc, which is listed on the London Stock Exchange, is Scotland's equivalent of England's ITV and forms a key function as a national broadcaster and content producer. The lease benefits from the full PLC covenant.

Recycling facility, Aberdeen

The Company has acquired a waste recycling and storage facility in Aberdeen (“the Recycling Facility”). The Recycling Facility is let to Biffa plc on a long lease with 14 years unexpired to first break. The rent increases on an annual basis in line with CPI inflation, with a collar of 2% pa and a cap of 4% pa.

The Recycling Facility is Biffa’s only waste transfer site in Aberdeen and the Company has commenced discussions with the tenant to increase the length of the lease.

Biffa is the leading integrated waste management company in the UK and is listed on the London Stock Exchange, with a market cap in excess of £1 billion.

The Recycling Facility is located two miles south of Aberdeen city centre and harbour, within East Tullos, one of the principal industrial areas serving Aberdeen.

Disposal of Lidl Foodstore, Chard

The Company is pleased to report that, following an unsolicited approach, it has sold its Lidl foodstore in Chard, Somerset for £7.8 million, reflecting a low exit yield of 3.8%.

The sale price reflects a material premium of 38% to the acquisition price paid by the Company and generates an attractive geared IRR of 26% pa. The Company acquired the property as a forward funding, at a 5.5% net initial yield, in 2017.

The latest book value was marked to the sale price as an asset held for sale.

Simon Lee, Partner, LXI REIT Advisors commented:

“These transactions demonstrate the Company’s continuing ability to make accretive and secure long income investments across a wide range of structurally supported sub-sectors, including its first investment in the life science arena, as well as highly profitable disposals.”

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 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* and its medium-term total return target is a minimum of 8% pa.

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.