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LXI REIT PLC

Released 07:00:09 11 October 2021

RNS Number : 56140
LXI REIT PLC
11 October 2021

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LXi REIT plc

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

PORTFOLIO VALUATION AT 30 SEPTEMBER 2021

RENT COLLECTION

PORTFOLIO UPDATE

LXi REIT (ticker: LXI), the specialist inflation-protected long income REIT, is pleased to provide the following update ahead of the Company's half-year results to 30 September 2021, which are expected to be published in late November 2021.

Portfolio valuation

The Company's independent valuer, Knight Frank LLP, has valued the Group's property portfolio, as at 30 September 2021, at £1.22 billion.

This represents a +4.9% like-for-like increase over the six-month period since 31 March 2021 and a total increase of +29.7% over that period, including acquisitions and disposals.

The like-for-like movements, resulting from both yield compression and rental growth, were spread across the Company's main sub-sectors as follows: Foodstores +5%, Industrial +7%, Budget Hotels +2%, Healthcare +3%, Pubs +7%, Garden Centres +4%, Car Parks +3% and Drive-thru Coffee +2%.

Net asset value and total return

On the basis of the updated property valuation, the Board expects to announce a net asset value ("NAV") per share as at 30 September 2021, of approximately 133.5 pence, reflecting growth of approximately +6.2% over the six-month period.

Inclusive of dividends paid during the six-month period, the Company expects to deliver a total NAV return of approximately +8.6% for the half-year, significantly outperforming the Company's minimum annual total NAV return target of 8%³.

The Company's total NAV return from IPO in February 2017 to 30 September 2021 is expected to be 59%, equating to a 10.6% compounded annual total NAV return.

The Company's total shareholder return since IPO, assuming dividends reinvested was 70%, equating to a 12.3% compounded annual total shareholder return.

Rental growth

The Group achieved an attractive average rental growth level of 2.9% per annum on assets which were reviewed during the six-month period from 1 April 2021. (Further details on the portfolio rent review terms are set out below.)

Rent collection

The Company is pleased to report that it has collected 100% of the rent due for Q4 2021.

Portfolio statistics

The following is a high-level summary of the Company's portfolio as at 30 September 2021²:

- 171 properties, 100% let or pre-let to over 70 strong tenants at sustainable levels of rent
- 23-year weighed average unexpired lease term to first break
- 96% of the rental income is linked directly to inflation or contains fixed uplifts: 58% RPI, 17% CPI and 21% fixed

uplifts

- All leases require full repairing and insuring by the tenants, protecting the Group from property cost leakage and capex requirements
- Diversified across more than 10 robust property sectors as follows, with the percentages illustrating the weighting of the Group's portfolio by annual rent:
 - Foodstores and essentials 20%
 - Industrial 19%
 - Budget Hotels 16%
 - Healthcare 10%
 - Car Parks 6%
 - Garden Centres 5%
 - Life Sciences 5%
 - Drive-thru Coffee 4%
 - Pubs 4%
 - Education 3%
 - Other 8%

Portfolio composition

The Group has fully and swiftly deployed the net equity raised in both the March and July 2021 oversubscribed capital raises, at an accretive 5.23% average net initial yield. This includes investments in new structurally supported subsectors such as Life Sciences (5%) and Education (3%), both of which benefit from attractive supply and demand fundamentals, robust long-term prospects for growth in ERVs, and on an asset level, strong rent covers, long indexed-linked leases, market leading tenant operators with strong covenants, and good locations with specialist facilities.

The Group's pro-forma loan to value ("LTV") ratio at 30 September 2021 was approximately 26%, adjusting for completion of forward fundings and assets for which contracts to acquire had exchanged but not completed. As such, the Company expects to extend its low cost (1.55% margin) revolving credit facility to fund the balance of its pipeline with a view to reaching its targeted 30% LTV ratio level in the near term, with headroom to the Group's medium-term target maximum LTV ratio of 35% as well as the LTV financial covenant that is 50%.

In order to continue to optimise the portfolio's performance, the Company has continued to sell assets when it believes this will help increase shareholder returns. During the period, the Company sold a Lidl foodstore in Somerset at a low exit yield of 3.85%, reflecting a 38% premium to acquisition cost and generating an attractive geared IRR of 26% per annum.

Outlook

The Company has established a substantial and robust long income portfolio diversified across resilient sectors and tenants, with virtually all rental income linked to inflation or containing fixed uplifts. As such, the Company expects to benefit from the current higher inflationary environment and to continue to deliver attractive income and capital returns for its shareholders.

The Company is targeting an annual dividend of 6.0 pence per ordinary share for the 12-months commencing 1 April 2021³, payable in equal quarterly instalments of 1.50 pence per share. This equates to a 4.5% yield on the expected NAV.

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 2021³ 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

The Company's LEI is: 2138008YZGXOKAXQVI45

- 1 The expected net asset value range is stated after deducting the dividend payable in respect of the quarter ended 30 June 2021 of 1.5 pence per share, which is expected to be paid to shareholders on or around 29 October 2021 and went ex-dividend on 30 September 2021.
- 2 The portfolio statistics include assets that had exchanged but not completed as at 30 September 2021.
- 3 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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