

PROFITABLE DISPOSAL AND ACCRETIVE ACQUISITION

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LXI REIT PLC
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(the "Company" or "LXI REIT")

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The Board of LXI REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce the profitable disposal of two care homes and an accretive industrial acquisition.

Care Home Disposal

Following receipt of an unsolicited approach, the Company has sold two care homes in Leicestershire let to Prime Life to a UK pension fund for £19.0 million:

- reflecting a low exit yield of 5.25%, which compares favourably to the acquisition yield of 6.50% paid by the Company in November 2017;
- representing a 17% premium to latest book value as at 31 March 2018; and
- generating an attractive geared IRR for the Company of 56% per annum.

Industrial Acquisition

The Company has acquired the freehold interest in the new Stobart industrial facility and office headquarters currently under construction in Widnes, Cheshire (the "Property") in a sale and leaseback transaction.

The purchase price for the Property is £25.5 million, reflecting a net initial yield of 5.50% (net of acquisition costs to the Company) and was funded from the disposal proceeds referred to above and existing capital resources.

The Property has been acquired on an off-market basis, with a new, unbroken 22.5 year lease in place to Stobart Group Ltd ("Stobart Group"). Stobart Group is a FTSE 250 listed company and one of the UK's leading infrastructure and support service businesses operating in the energy, aviation and rail sectors.

The new lease, which has no tenant break right, benefits from Retail Price Index linked rent reviews (collared and capped at 1.5% per annum and 4.0% per annum compound) on a five-yearly basis, but the first review takes place after 2.5 years.

The Property is a substantial and strategic industrial holding, extending to over 40 acres and will comprise:

- (i) a new headquarters office for the Stobart Group of 23,000 sq ft;
- (ii) an existing 180,000 sq ft warehouse, used to store and process biomass timber waste; and
- (iii) 20 further acres of new, hard standing to store and process timber waste, along with HGV parking.

The office and hard standing elements are currently under construction. However, the Company is not taking development risk and Stobart Group will be paying the full rent, and observing all other tenant obligations, from the date of acquisition.

The site is adjacent to the newly operational 28MW Widnes Biomass Plant, which is owned by Stobart Group and the UK Green Investment Bank. Stobart Group also benefits from a long-term contract to supply the plant with processed timber from the Property, further underlining the strategic importance of this site.

Widnes benefits from good road communications, situated on the main A557 which connects the M62 motorway at Junction 7 to the north and Runcorn (via the Runcorn-Widnes Bridge) to the south. The M56 motorway is accessible south of Runcorn at Junction 12.

The Mersey Multimodal Gateway is in Widnes, which provides a major new rail/road, freight handling and logistics park covering 180 hectares. In addition, Central Government is providing funding for the Mersey Gateway Project, a new six lane toll bridge across the river, which will improve access to the town from Runcorn and the south.

Widnes is a submarket of the larger Warrington industrial market, which is well connected to the motorway network, near to the M62, M6 and M56, making it a key warehouse and distribution hub. The area has been transformed in recent years by Omega, which has delivered over 3.0 million sq ft of industrial space and attracted occupiers including ASDA, the Hut Group, Hermes and Travis Perkins.

Simon Lee, Partner of LXi REIT Advisors Limited, commented:

"This disposal and acquisition reflect our strategy of selectively acquiring long, index-linked properties across sectors where we see value as well as profitably recycling our capital to deliver strong capital growth and secure inflation-linked income to our shareholders."

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Company's LEI is: 2138008YZGXOKAXQVI45

NOTES:

The Company 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 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 5.5 pence per ordinary share, starting from the financial period commencing 1 April 2018, with the potential to grow the dividend in absolute terms through upward-only inflation-protected long-term lease agreements, and is targeting a net total shareholder return of a minimum of 8 per cent. plus per annum over the medium term.*

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 EPRA/NAREIT index.

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

* These are targets only and not a profit forecast and there can be no assurance that they will be met.

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