

Issue of Equity

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LXI REIT PLC
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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 published by LXI REIT plc on 6 February 2017 (the "Prospectus") 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. 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.

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

Issue of Equity

Further to its announcement on 4 July 2017, the Board of Directors (the "Directors") of LXI REIT (ticker: LXI) announces the proposed issue of further new ordinary shares ("Ordinary Shares") in the Company (the "Second Issue") under the placing programme set out in the Prospectus published in February 2017 ahead of its initial public offering (the "Placing Programme"). The Second Issue will be comprised of a placing to qualified investors.

The Prospectus is available on the Company's website (via www.lxireit.com), subject to certain access restrictions, for inspection at the Company's registered office at Mermaid House, 2 Puddle Dock, London EC4V 3DB, and at the National Storage Mechanism via www.morningstar.co.uk/uk/NSM.

Terms not otherwise defined in this announcement have the meanings given to them in the Prospectus.

Background

The Directors and the Investment Advisor are very pleased with the strong performance of the Company since IPO and continue to see an attractive investment opportunity resulting from its investment strategy. The Investment Advisor has identified a strong near-term pipeline of investment opportunities which meet the Company's investment policy and objectives, comprising a mix of high quality UK property assets, let or pre-let to tenants with strong covenants on very long index-linked leases. The Company, through its Investment Advisor, is under offer and in exclusivity on an immediate pipeline of additional properties which currently exceed £100 million in value and the Company is actively building a further substantial identified pipeline of attractive potential investment opportunities.

The Company invests in UK 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, and invests across a diverse range of target sectors. LXI REIT is advised by LXI REIT Advisors Limited (the "Investment Advisor" or "LXI REIT Advisors"), whose principals have built a successful track record in this sector.

The Company has now deployed all of the net proceeds of its £138 million IPO, following its listing on 27 February 2017, and its £55 million Scottish Widows 12-year loan facility announced on 4 July 2017. Across the Company's assets, the average net initial yield is 5.94%, the weighted average unexpired lease term to first break is 24 years and 96% of the income is index-linked or contains fixed uplifts. The existing assets are diversified across eight different sectors: hotels (30%), supported living (23%), care homes (13%), industrial (11%), car parks (10%), discount retail (5%), restaurants and coffee shops (5%) and automotive (3%). The income is secured against 17 strong tenants, including Aldi, Costa Coffee, General Electric, Home Bargains, Motorpoint, Premier Inn, The Priory Group, Q-Park, SIG, Specialist Housing Associations, Starbucks and Travelodge.

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.

Second Issue Highlights

- The Ordinary Shares will be issued under the Company's existing general authority to issue up to 200 million shares on a non-preemptive basis following the first issue of Ordinary Shares on IPO and pursuant to the Placing Programme.
- The issue price per Ordinary Share of any Ordinary Shares issued pursuant to the Second Issue will be 102.5 pence per Ordinary Share (the "Placing Programme Price"), a 1.7% discount to the closing price per Ordinary Share of 104.25 pence at the close of business on 20 September 2017 and a premium of 4.6% to the initial NAV per Ordinary Share of 98 pence immediately following the Company's listing.
- Any Ordinary Shares issued pursuant to the Second Issue will be issued subject to the terms and conditions set out in the Prospectus and repeated in the appendix to this announcement. When issued, these Ordinary Shares will rank pari passu with the existing Ordinary Shares in issue, including the right to receive any dividend declared for the financial period to 30 September 2017.
- The Second Issue will be launched immediately following this announcement. The bookbuild is expected to close at 5.00 p.m. (London time) on 11 October 2017 but may be closed earlier or later at the discretion of the Company and Peel Hunt.
- Applications will be made to the UK Listing Authority and to the London Stock Exchange for admission of the new Ordinary Shares in the Company to be issued pursuant to the Second Issue to the Official List and to trading on the London Stock Exchange's main

Benefits of the Second Issue

The Directors believe that the Second Issue will have the following principal benefits for Shareholders:

- the net proceeds of the Second Issue will be used to make additional investments in accordance with the Company's investment criteria, further diversifying the Company's portfolio in terms of both tenant and sector exposure and geographical location and capitalising on the Company's access to new investment opportunities;
- an increase in the size of the Company should improve liquidity and enhance the marketability of the Company's shares, resulting in a broader investor base over the longer term; and
- an increase in the size of the Company will spread its fixed operating costs over a larger capital base, which should reduce on-going expenses per Ordinary Share.

Pipeline of Potential Investments

As noted above, the Company, through its Investment Advisor, is under offer and in exclusivity on an immediate pipeline of additional properties which currently exceed £100 million in value. The properties comprise a wide range of index-linked assets being acquired from a number of vendors and developers and these are expected to further diversify the Company's tenant, sector and geographic exposures. This pipeline has an attractive average net initial yield of c.6.0%, a WAULT to first break of c.25 years and a wide range of strong tenant covenants. There is a particular focus on the forward funding of pre-let discount retail developments (with Aldi and Lidl as anchor tenants), as well as leisure, healthcare and other alternative sectors. This pipeline should allow the Company to deploy any additional capital raised under the Second Issue in short order, although there can be no certainty that the Company will complete any of the transactions in its investment pipeline.

In addition to the pipeline above, the Company is actively building a further substantial identified pipeline of attractive potential investment opportunities.

Investment Highlights

- Attractive inflation-protected income and capital returns, underpinned by institutional grade UK real estate assets
- Very long unbroken lease terms (with a current weighted average of 24 years to first break)
- Lease rent reviews directly linked to inflation or with fixed uplifts
- Targeting a minimum annual dividend of 5 pence per Ordinary Share¹, starting from the financial period commencing 1 April 2018, with the potential to grow through upward-only inflation-protected long-term lease agreements
- In the first financial period to 31 March 2018 the target is to pay a minimum total dividend of 3 pence per Ordinary Share. The Company intends to pay dividends on a quarterly basis in cash, by way of four equal dividends
- Targeted net total shareholder return of 8 per cent. plus per annum over the medium term
- A wide range of individually strong tenant covenants, which currently include Aldi, Costa Coffee, General Electric, Home Bargains, Motorpoint, Premier Inn, The Priory Group, Q-Park, SIG, Specialist Housing Associations, Starbucks and Travelodge
- Invested in a wide range of robust and defensive sectors (currently eight): budget hotels, discount retail, supported living, care homes, industrial, car parks, coffee shops and automotive
- Ability to invest in fixed-price forward funded pre-let developments will help deliver lower purchase costs and discount to built value (but no speculative development)
- Focus is on assets which also demonstrate a strong residual land value
- Long term debt (currently a 12 year £55 million debt facility with Scottish Widows) is used to mitigate interest rate and refinancing risk and gear returns through a 300 basis point spread between the current net initial property yield of 5.94 per cent. and the cost of the Company's debt which is fixed at 2.93 per cent. per annum for the full 12 year loan term
- The Company maintains a conservative level of aggregate borrowings with a current level of 30 per cent. of the Company's gross assets (and a maximum level of aggregate borrowings of 35 per cent. of the Company's gross assets at the time of drawdown of the relevant borrowings)
- Experienced investment team: LXI REIT Advisors was established by the principals behind Osprey Equity Partners (part of LJ Partnership, which has US\$6.5 billion of real estate assets under management), who have built a successful track record in this space
- Highly competitive annual fee paid to the Investment Advisor: annual fee of 0.75 per cent. based on market capitalisation (0.65 per cent. above £500 million); no performance fee
- The Directors receive their annual fees in Ordinary Shares (such shares subject to a lock in from the date of acquisition by the directors)

FOR FURTHER INFORMATION, PLEASE CONTACT:

LXI REIT Advisors Limited John White Simon Lee Jamie Beale	Via Newgate Communications
Peel Hunt LLP (Sole Bookrunner) Luke Simpson (Corporate Broking) Mark Thompson (Sales)	Tel: 020 7418 8900
Newgate Communications (PR Adviser) James Benjamin Anna Geffert Lydia Thompson	Tel: 020 7680 6550 Email: lxireit@newgatecomms.com

Note:

1. This is a target only and not a profit forecast and there can be no assurance that it will be met.

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

About the AIFM and LXI REIT Advisors Limited

The Company and LJ Capital Limited (acting as the AIFM, the "AIFM") appointed LXI REIT Advisors Limited as the Company's

The AIFM is regulated in the conduct of investment business by the FCA. The AIFM is, for the purposes of the AIFMD and the rules of the FCA, a "full scope" UK AIFM with a Part 4A permission for managing AIFs, such as the Company.

LXI REIT Advisors was appointed to provide certain services in relation to the Company's portfolio, including sourcing investments for acquisition by the Company and due diligence in relation to proposed investments. The Investment Advisor is owned by the principals of Osprey Equity Partners. Osprey was formed in 2011 and is 50 per cent. owned by LJ Partnership. LJ Partnership was established in 2009 and has grown to become a substantial, international multi-family office and asset manager, managing US\$14 billion of assets, including US\$6.5 billion of real estate assets, for families, private individuals and institutions. It has over 250 employees and 11 offices around the world.

The key individuals responsible for executing the Company's investment strategy are (they also have access to members of the wider Osprey and LJ Partnership teams):

John White

John entered the commercial real estate 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 in 2017.

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 in 2017. Simon's role covers a wide range of areas, including formulating Osprey's 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.

Jamie Beale

Jamie has significant transaction management experience in the long income and forward funding real estate space. Prior to joining Osprey Equity Partners, Jamie spent five years in the City as a real estate lawyer where he acted for leading developers and property funds on a variety of deals, ranging from large scale residential developments to substantial commercial property transactions.

Directors of the Company

The Directors are as follows:

Stephen Hubbard, Non-Executive Chairman

Stephen Hubbard serves as Chairman of UK CBRE Group, the world's largest property advisory firm. Stephen has served as Co-Head of CBRE Capital Markets Europe since May 2005. He joined Richard Ellis in 1976 and served as Head of EMEA and UK Capital Markets from 1998 to 2012. He is also Chairman of London Business Network and a member of the Advisory Board for Redevco which is a pan-European property holding company. Stephen has also been a director of Workspace Group plc 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 is currently Chairman of Hilton Food Group plc having served as non-executive director since 2010. Hilton is a specialist retail meat packing business supplying major international food retailers in thirteen European countries and Australia. He also has experience in the not for profit sector as Chairman of The Challenge Network and previously as a trustee of Save the Children and as Chairman of the food industry sponsored Red Tractor assurance scheme.

Jan Etherden, Non-Executive Director

Jan Etherden has over 30 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 was a director of Ruffer Investment Company Ltd until November 2016 and currently is a director of both TwentyFour Income Fund and Miton UK MicroCap Trust plc.

John Cartwright, Non-Executive Director

John Cartwright is Chief Executive of AREF, a post he has held since late 2009. His responsibilities are 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.

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 published by the Company on 6 February 2017 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 <http://www.morningstar.co.uk/NSM> and on the Company's website. 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.

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 LJ Capital Limited solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 (as amended).

Peel Hunt, which is authorised and regulated by the Financial Conduct Authority, is acting for the Company only in connection with the matters described in this announcement and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of Peel Hunt or advice to any other person in relation to the matters contained herein.

The shares of the Company have not been, and will not be, registered under the US Securities Act or under the securities laws 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, except pursuant to an applicable exemption from, or in a transaction that is not subject to, the registration requirements of the US Securities Act and in compliance with the securities laws of any relevant state or other jurisdiction of the United States. Moreover, the shares of the Company have not been, nor will they be, registered under the applicable securities laws of Australia, Canada, the Republic of South Africa, Japan or any member state of the EEA (other than the United Kingdom). Further, the Company is not, and will

person be, registered under the US Company Act of 1940, as amended. The shares of the Company will be offered outside of the United States pursuant to the provisions of Regulation S of the Securities Act. Subject to certain exceptions, the shares of the Company may not be offered or sold in the United States, Australia, Canada, the Republic of South Africa, Japan or any member state of the EEA (other than the United Kingdom or to professional investors in certain EEA member states for which marketing passports have been obtained) or to, or for the account or benefit of, any national, resident or citizen of the United States, Australia, Canada, the Republic of South Africa, Japan or any member state of the EEA (other than the United Kingdom or to professional investors in certain EEA member states for which marketing passports have been obtained). The Second Issue and any Subsequent Placing under the Placing Programme, and the distribution of this announcement, in other jurisdictions may be restricted by law and the persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions.

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 may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Company's financial position, strategy, plans, proposed acquisitions and objectives, are forward-looking statements.

Forward-looking statements are subject to risks and uncertainties and, accordingly, the Company's actual future financial results and operational performance may differ materially from the results and performance expressed in, or implied by, the statements. These factors include but are not limited to those described in the Prospectus. 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 and Peel Hunt 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 Rules of the Financial Conduct Authority, the EU Market Abuse Regulation or other applicable laws, regulations or rules.

None of the Company, the Investment Advisor, the AIFM or Peel Hunt, 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. The Company, the Investment Advisor, the AIFM and Peel Hunt, and their respective affiliates, accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this announcement or its contents or otherwise arising in connection therewith.

Appendix - Terms and conditions regarding the issue of the new shares

All capitalised terms, unless otherwise defined, shall have the meanings ascribed to them in the Prospectus.

1 Introduction

- 1.1 Ordinary Shares are available under the Second Issue at the Placing Programme Price. The Ordinary Shares will, when issued and fully paid, include the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.
- 1.2 Each Placee which confirms its agreement to Peel Hunt to subscribe for Ordinary Shares under the Second Issue will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.3 The Company and/or Peel Hunt may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it/they (in its/their absolute discretion) see(s) fit.
- 1.4 The commitment to acquire Ordinary Shares under the Second Issue will be agreed orally with Peel Hunt as agent for the Company and further evidenced in a contract note ("**Contract Note**") or placing confirmation ("**Placing Confirmation**").

2 Agreement to subscribe for Ordinary Shares and conditions

- 2.1 A Placee agrees to become a member of the Company and agrees to subscribe for those Ordinary Shares allocated to it by Peel Hunt at the Placing Programme Price, conditional on:
 - 2.1.1 the Placing and Offer Agreement becoming unconditional in respect of the Second Issue (save for any condition relating to Admission) and not having been terminated on or before the date of Admission;
 - 2.1.2 Admission by no later than 23 October 2017 (or such later date as the Company and Peel Hunt may agree and, in any event, no later than 5 February 2018); and
 - 2.1.3 the Placing Programme Price being determined by the Directors.

- 2.2 To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3 Payment for Ordinary Shares

- 3.1 Each Placee must pay the Placing Programme Price for the Ordinary Shares issued to the Placee in the manner and by the time directed by Peel Hunt. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee's application for Ordinary Shares may, at the discretion of Peel Hunt, either be rejected or accepted and, in the latter case, paragraph 3.2 of these terms and conditions shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Placing Programme Price for the Ordinary Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions and Peel Hunt elects to accept that Placee's application, Peel Hunt may sell all or any of the Ordinary Shares allocated to the Placee on such Placee's behalf and retain from the proceeds, for Peel Hunt's own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any interest or penalties) which may arise upon the sale of such Ordinary Shares on such Placee's behalf.

4 Representations and warranties

By agreeing to subscribe for Ordinary Shares under the Second Issue, each Placee which enters into a commitment to subscribe for Ordinary Shares will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be deemed to represent, warrant and acknowledge to each of the Company, the AIFM, the Investment Advisor, the Registrar

and Peel Hunt that:

- 4.1 it is relying solely on the Prospectus and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Second Issue and/or the Placing Programme. It agrees that none of the Company, the AIFM, the Investment Advisor, Peel Hunt or the Registrar, nor any of their respective officers, agents, or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Ordinary Shares under the Second Issue, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action or omitted to take any action which will result in the Company, the AIFM, the Investment Advisor, Peel Hunt or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Second Issue;
- 4.3 it has carefully read and understands the Prospectus in its entirety and acknowledges that it is acquiring Ordinary Shares on the terms and subject to the conditions set out herein and the Articles as in force at the date of Admission;
- 4.4 it has not relied on Peel Hunt or any person affiliated with Peel Hunt in connection with any investigation of the accuracy of any information contained in the Prospectus;
- 4.5 the content of the Prospectus is exclusively the responsibility of the Company and its Directors and neither Peel Hunt nor any person acting on their respective behalf nor any of its respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in the Prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Second Issue based on any information, representation or statement contained in the Prospectus or otherwise;
- 4.6 it acknowledges that no person is authorised in connection with the Second Issue to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the AIFM, the Investment Advisor or Peel Hunt;
- 4.7 it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- 4.8 if it is within the United Kingdom, it is a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Ordinary Shares may otherwise lawfully be offered under such Order and/or is a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Ordinary Shares may be lawfully offered under that other jurisdiction's laws and regulations;
- 4.9 if it is a resident in the EEA (other than the United Kingdom): (a) it is a qualified investor within the meaning of the law in the relevant Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive 2003/71/EC; and (b) if that relevant Member State has implemented the AIFMD, that it is a person to whom the Ordinary Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant Member State;
- 4.10 in the case of any Ordinary Shares acquired by a Placee as a financial intermediary within the EEA (other than the United Kingdom) as that term is used in Article 3(2) of the Prospectus Directive: (a) the Ordinary Shares acquired by it in the Second Issue have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive 2010/73/EU, or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale; or (b) where Ordinary Shares have been acquired by it on behalf of persons in any relevant Member State other than qualified investors, the offer of those Ordinary Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 4.11 it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Ordinary Shares and it is not acting on a non-discretionary basis for any such person;
- 4.12 if it is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the Second Issue constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the Second Issue unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or material could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 4.13 if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Ordinary Shares under the Second Issue and will not be any such person on the date any such agreement to subscribe under the Second Issue is accepted;
- 4.14 it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other offering materials concerning the Second Issue or the Ordinary Shares to any persons within the United States or to any US Persons, nor will it do any of the foregoing;
- 4.15 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading "United States purchase and transfer restrictions" in paragraph 7, below;
- 4.16 it acknowledges that neither Peel Hunt nor any of its affiliates, nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Second Issue or providing any advice in relation to the Second Issue and participation in the Second Issue is on the basis that it is not and will not be a client of Peel Hunt and that Peel Hunt does not have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Second Issue nor in respect of any representations, warranties, undertakings or indemnities otherwise required to be given by it in connection with its application under the Second Issue;
- 4.17 it acknowledges that where it is subscribing for Ordinary Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (a) to subscribe for the Ordinary Shares for each such account; (b) to make on each such account's behalf the representations, warranties and agreements set out in the Prospectus; and (c) to receive on behalf of each such account any documentation relating to the Second Issue in the form provided by the Company and/or Peel

Hunt. It agrees that the provisions of this paragraph shall survive any resale of the Ordinary Shares by or on behalf of any such account;

- 4.18 it irrevocably appoints any director of the Company and any director of Peel Hunt to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Ordinary Shares for which it has given a commitment under the Second Issue, in the event of its own failure to do so;
- 4.19 it accepts that if the Second Issue does not proceed or the conditions to the Placing and Offer Agreement are not satisfied or the Ordinary Shares for which valid applications are received and accepted are not admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities for any reason whatsoever then neither of Peel Hunt nor the Company, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 4.20 in connection with its participation in the Second Issue it has observed all relevant legislation and regulations;
- 4.21 it acknowledges that Peel Hunt and the Company are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.22 the representations, undertakings and warranties contained in the Prospectus are irrevocable. It acknowledges that Peel Hunt and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of the Ordinary Shares are no longer accurate, it shall promptly notify Peel Hunt and the Company;
- 4.23 where it or any person acting on behalf of it is dealing with Peel Hunt, any money held in an account with Peel Hunt on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Peel Hunt to segregate such money, as that money will be held by Peel Hunt under a banking relationship and not as trustee;
- 4.24 any of its clients, whether or not identified to Peel Hunt, will remain its sole responsibility and will not become clients of Peel Hunt for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 4.25 it accepts that the allocation of Ordinary Shares shall be determined by the Company in its absolute discretion (in consultation with Peel Hunt) and that the Company may scale down any commitments for this purpose on such basis as it may (in consultation with Peel Hunt) determine;
- 4.26 time shall be of the essence as regards its obligations to settle payment for the Ordinary Shares and to comply with its other obligations under the Second Issue;
- 4.27 its commitment to acquire Ordinary Shares will be agreed orally with Peel Hunt as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Peel Hunt as soon as possible thereafter. That oral confirmation will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Peel Hunt to subscribe for the number of Ordinary Shares allocated to it at the Placing Programme Price on these terms and conditions and, as applicable, in the Contract Note or Placing Confirmation. Except with the consent of Peel Hunt, such oral commitment will not be capable of variation or revocation after the time at which it is made; and
- 4.28 its allocation of Ordinary Shares under the Second Issue will be evidenced by the Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Ordinary Shares that such Placee has agreed to subscribe for; (ii) the aggregate amount that such Placee will be required to pay for such Ordinary Shares; and (iii) settlement instructions to pay Peel Hunt as agent for the Company. These terms and conditions will be deemed to be incorporated into that Contract Note or Placing Confirmation. The Company reserves the right to reject all or part of any offer to purchase Ordinary Shares for any reason. The Company also reserves the right to sell fewer than all of the Ordinary Shares offered by the Prospectus or to sell to any purchaser fewer than all of the Ordinary Shares a purchaser has offered to purchase.

5 Money laundering

Each Placee acknowledges and agrees that:

- 5.1 it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("**Money Laundering Regulations**") and any other applicable law concerning the prevention of money laundering and, if it is making payment on behalf of a third party, that: (i) satisfactory evidence has been obtained and recorded by it to verify the identity of the third party; and (ii) arrangements have been entered into with the third party to obtain from the third party copies of any identification and verification data immediately on request as required by the Money Laundering Regulations and, in each case, agrees that pending satisfaction of such obligations, definitive certificates (or allocation under the CREST system) in respect of the Ordinary Shares comprising the Placee's allocation may be retained at Peel Hunt's discretion; and
- 5.2 due to anti-money laundering requirements, Peel Hunt and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Peel Hunt and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Peel Hunt and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it.

6 The Data Protection Act

- 6.1 Each Placee acknowledges and agrees that, pursuant to The Data Protection Act 1998 (the "**DP Act**") the Company and/or the Registrar and/or the Administrator, may hold personal data (as defined in the DP Act) relating to past and present Shareholders. Personal data may be retained on record for a period exceeding six years after it is no longer used. The Registrar and the Administrator will only process such information for the purposes set out below (collectively, the "**Purposes**"), being to:
 - 6.1.1 process its personal data (including sensitive personal data as defined in the DP Act) to the extent and in such manner as is necessary for the performance of their obligations under their respective service contracts, including as required by or in connection with its holding of Ordinary Shares, including processing personal data in connection with credit and money laundering checks on it;
 - 6.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;

- 6.1.3 provide personal data to such third parties as the Registrars and/or the Administrator may consider necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares or as the DP Act may require, including to third parties outside the European Economic Area;
- 6.1.4 without limitation, provide such personal data to their affiliates, the Company or the AIFM or the Investment Advisor and their respective associates for processing, notwithstanding that any such party may be outside the European Economic Area; and
- 6.1.5 process its personal data for the Registrar's and/or the Administrator's internal administration.
- 6.2 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Act) and is deemed to have consented to the processing by the Company, the Registrar or the Administrator of any personal data relating to them in the manner described above. In providing the Registrar and the Administrator with information, it hereby represents and warrants to the Registrar and the Administrator that it has obtained the consent of any data subject to the Registrar and the Administrator, and their respective affiliates and group companies, holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out above in this paragraph 6).

7 United States purchase and transfer restrictions

- 7.1 By participating in the Second Issue, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Ordinary Shares and any nominee(s) for any such person(s)) be further deemed to represent and warrant to each of the Company, the AIFM, the Investment Advisor, the Registrar and Peel Hunt that:

- 7.1.1 it is either: (i) not a US Person, is not located within the United States, is acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Ordinary Shares for the account or benefit of a US Person; or (ii) a US Person to whom Ordinary Shares may be offered pursuant to an exemption from, or in a transaction not subject to, 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;
- 7.1.2 it acknowledges that the Ordinary Shares have not been and will not be registered under 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 in the United States or to, or for the account or benefit of, US Persons except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable state securities laws and under circumstances that would not require the Company to register under the US Investment Company Act;
- 7.1.3 it acknowledges that the Company has not and will not be registered under the US Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the US Investment Company Act;
- 7.1.4 unless the Company expressly consents otherwise in writing, no portion of the assets used to purchase, and no portion of the assets used to hold, the Ordinary Shares or any beneficial interest therein constitutes or will constitute the assets of: (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (b) a "plan" as defined in Section 4975 of the US Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the US Code; or (c) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the US Code. In addition, if a Placee is a governmental, church, non-US or other employee benefit plan that is subject to any federal, state, local or non-US law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the US Code, its purchase, holding, and disposition of the Ordinary Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- 7.1.5 if any Ordinary Shares are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect, unless otherwise determined by the Company in accordance with applicable law:

"LXI REIT PLC (THE "COMPANY") HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED. IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT IN ACCORDANCE WITH THE US SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH DO NOT REQUIRE THE COMPANY TO REGISTER UNDER THE US INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. IN ADDITION, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY PERSON USING THE ASSETS OF (I) (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF ERISA THAT IS SUBJECT TO TITLE I OF ERISA; (B) A "PLAN" AS DEFINED IN SECTION 4975 OF THE US CODE, INCLUDING AN INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE US CODE; OR (C) AN ENTITY WHICH IS DEEMED TO HOLD THE ASSETS OF ANY OF THE FOREGOING TYPES OF PLANS, ACCOUNTS OR ARRANGEMENTS THAT IS SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE US CODE OR (II) A GOVERNMENTAL, CHURCH, NON-US OR OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-US LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF TITLE I OF ERISA OR SECTION 4975 OF THE US CODE UNLESS THE PURCHASE, HOLDING OR DISPOSITION OF THE SECURITIES WILL NOT RESULT IN A VIOLATION OF APPLICABLE LAW AND/OR CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 503 OF THE US CODE OR ANY SUBSTANTIALLY SIMILAR LAW.";

- 7.1.6 if in the future the Placee decides to offer, sell, transfer, assign or otherwise dispose of its Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the US Securities Act and under circumstances which will not require the Company to register under the US Investment Company Act. It acknowledges that any sale, transfer, assignment, pledge or other disposal made other than in compliance with such laws and the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- 7.1.7 it is purchasing the Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the Ordinary Shares in any manner that would violate the US Securities Act, the US Investment Company Act or any other applicable securities laws;
- 7.1.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the Ordinary Shares or interests therein at any time as to such person's status under US federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under US securities

laws to transfer such Ordinary Shares or interests in accordance with the Articles;

- 7.1.9 it acknowledges and understands that the Company is required to comply with FATCA and agrees to furnish any information and documents the Company may from time to time request, including but not limited to information required under FATCA;
- 7.1.10 it is entitled to acquire the Ordinary Shares under the laws of all relevant jurisdictions which apply to it, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Ordinary Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the AIFM, the Investment Advisor, the Registrar, Peel Hunt or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with the Second Issue or its acceptance of participation in the Second Issue;
- 7.1.11 it has received, carefully read and understands the Prospectus, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted the Prospectus or any other presentation or offering materials concerning the Ordinary Shares to within the United States or to any US Persons, nor will it do any of the foregoing; and
- 7.1.12 if it is acquiring any Ordinary Shares as a fiduciary or agent for one or more accounts, the Placee has sole investment discretion with respect to each such account and full power and authority to make such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.
- 7.2 The Company, the AIFM, the Investment Advisor, the Registrar, Peel Hunt and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgments and agreements.
- 7.3 If any of the representations, warranties, acknowledgments or agreements made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and Peel Hunt.

8 Supply and disclosure of information

If Peel Hunt, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Ordinary Shares under the Second Issue, such Placee must promptly disclose it to them.

9 Non United Kingdom investors

- 9.1 If the Placee is outside the United Kingdom, neither the Prospectus nor any other offering, marketing or other material in connection with the Second Issue constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Ordinary Shares pursuant to the Second Issue unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Ordinary Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements.
- 9.2 None of the Ordinary Shares has been or will be registered under the laws of the United States, Canada, Australia, the Republic of South Africa or Japan. Accordingly, the Ordinary Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Canada, Australia, the Republic of South Africa or Japan or to any US Person or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan unless an exemption from any registration requirement is available.

10 Miscellaneous

- 10.1 The rights and remedies of the Company, the AIFM, the Investment Advisor, Peel Hunt and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 10.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Second Issue will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 10.3 Each Placee agrees to be bound by the Articles once the Ordinary Shares, which the Placee has agreed to subscribe for pursuant to the Second Issue, have been acquired by the Placee. The contract to subscribe for Ordinary Shares under the Second Issue and the appointments and authorities mentioned in the Prospectus and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the AIFM, the Investment Advisor, Peel Hunt and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 10.4 In the case of a joint agreement to subscribe for Ordinary Shares under the Second Issue, references to a "Placee" in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.
- 10.5 Peel Hunt and the Company expressly reserve the right to modify the Second Issue (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Second Issue is subject to the satisfaction of the conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 7.1 of Part 7 of the Prospectus.

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