

PROFITABLE DISPOSAL AND TWO ACCRETIVE ACQUISITIONS

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LXI REIT PLC
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LXI REIT plc

(the "Company" or "LXI REIT")

PROFITABLE DISPOSAL AND TWO ACCRETIVE ACQUISITIONS

The Board of LXI REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce the profitable disposal of a manufacturing facility at a material premium to acquisition cost and book value and the acquisition of two accretive industrial real estate assets with strong tenant covenants on long term leases.

Manufacturing Facility Disposal

Following receipt of an unsolicited approach, the Company has sold a manufacturing facility in Carlisle let on a long lease to SIG (Trading) Limited to a UK pension fund for £12.2 million:

- reflecting an exit yield of 5.38%, which compares favourably to the acquisition yield of 7.0% paid by the Company in June 2017;
- representing a 31% uplift on acquisition cost and a 7% premium to latest book value as at 31 March 2018; and
- generating an attractive geared IRR for the Company of 39% per annum.

Industrial Acquisitions

The Company has acquired two modern/newly-built industrial facilities from two separate vendors at a blended net initial yield of 5.90% (net of acquisition costs to the Company) for a combined purchase price of £11.6 million. The acquisitions have been fully funded from the proceeds of the SIG disposal referred to above.

The properties benefit from a weighted average unexpired lease term to first break of over 23 years, with guaranteed rental uplifts of at least 2.5% per annum compound.

60% of the rental income is subject to fixed five yearly uplifts of 2.5% per annum compound and 40% of the rental income is subject to Retail Price Index linked five yearly rent reviews (capped at 5% per annum compound and collared at 2.5% per annum compound).

The properties are located in Sunderland and Teesside and are fully let to or guaranteed by the strong covenants of:

- Johnson Matthey plc, a FTSE 100 company and a global leader in sustainable technologies, with a market cap of approximately £6.9 billion; and
- Brenntag UK Limited, the UK trading company of Brenntag AG, a leading chemicals distributor listed on the Frankfurt Stock Exchange, with a market cap of approximately €7.2 billion.

The Johnson Matthey property comprises modern R&D and office accommodation and the Brenntag property comprises a newly-built storage and distribution facility.

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

"We are pleased to have completed the disposal of the SIG asset at a significant premium to acquisition cost and book value and to have immediately recycled the proceeds into two modern/newly-built industrial facilities that benefit from a WAULT of over 23 years, enhanced tenant covenants and attractive guaranteed rental uplifts."

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 very long (typically 20 to 30 years to first break), inflation-linked leases to a wide range of strong tenant covenants across a diverse range of robust 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 5.50 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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