

Acquisition

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

£20.25 MILLION ACQUISITION OF LONG-LET STUDENT ACCOMMODATION, DUNDEE

The Board of LXi REIT plc (ticker: LXI) is pleased to announce that the Company has acquired a long-let student accommodation scheme in Dundee (the "**Property**"). The purchase price for the Property is £20.25 million, reflecting a net initial yield of 6.3% (net of acquisition costs to the Company).

The Property is fully let to Mears Group PLC ("**Mears Group**"), a FTSE listed company with a market capitalisation of £430 million and a leading provider of support services to the public and private social housing and care sectors in the UK.

The lease has an unexpired term of over 21.5 years, with no tenant break right, expiring on 22 September 2039. The rent is reviewed annually in line with uncapped Consumer Prices Index inflation (collared at 1% per annum).

The Property provides 413 beds and comprises 379 single rooms within cluster flats of two to six beds, alongside nine one-bed flats and 25 self-contained studio flats. The Property has recently undergone a significant refurbishment programme, which completed in September 2017.

The Property is strategically located in the centre of Dundee, within a five minute walk of both the University of Dundee and Abertay University. The University of Dundee has been named The Times Good University Guide's Scottish University of the Year for 2016 and 2017. The University of Dundee has a population of 14,910 students and Abertay University has a population of 4,005 students, providing strong occupational demand.

The Property benefits from a high level of occupancy and the city of Dundee has a strong underlying supply/demand imbalance for student housing, with university provided accommodation in Dundee representing only 15% of total stock.

The acquisition is being funded using the proceeds of the Company's new 11.5-year loan facility secured from Scottish Widows in December 2017 at a fixed rate of 2.85% per annum.

The Company has now deployed £263 million of equity and debt capital (excluding costs) since its IPO in February 2017 at an average net initial yield of over 6%, with an average unexpired lease term to first break of 24 years, diversified across nine robust property sectors and 23 strong tenants and with 97% of the income inflation-linked or with fixed-uplifts. The Company is in solicitors' hands on further acquisitions which are expected to complete shortly and which will absorb the balance of its debt facilities.

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

"We are pleased to have acquired the Dundee student scheme, which further diversifies the Company's sector exposure. The acquisition provides a long-term, index-linked income stream at an attractive net initial yield, underpinned by an excellent location in a leading university city and a strong underlying trading performance."

The Company's LEI is: 2138008YZGXOKAXQV145

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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 a minimum annual dividend of 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 8 per cent. plus per annum over the medium term¹.

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.

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

Note 1: these are targets only and not a profit forecast and there can be no assurance that they will be met.

This information is provided by RNS
The company news service from the London Stock Exchange

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