Interim Results

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LXI REIT PLC
29 November 2018

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014. This announcement has been authorised for release by the Board of Directors.

LXi REIT plc
(the "**Company**" or the "**Group**")

HALF-YEAR RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2018

The Board of LXi REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to report its results for the Group for the six month period from 1 April 2018 to 30 September 2018.

Financial highlights

	Six months to 30 September 2018	Six months to 30 September 2017
Total NAV return per share	**8.08%**	7.15%
EPRA NAV per share	**113.00 pence**	105.01 pence
Earnings per share	**8.70 pence**	9.26 pence
Dividend per share	**2.75 pence**	1.00 pence
Adjusted earnings per share	**3.17 pence**	1.49 pence
EPRA earnings per share	**2.80 pence**	1.13 pence
Operating profit	**£18.39 million**	£10.01 million
Portfolio valuation	**£318.79 million**	£159.92 million
Loan to value ratio	**29%**	29%
Average fixed cost of debt	**2.90%**	2.93%
Average debt maturity	**11 years**	12 years

- Total net asset value ("NAV") return per share (inclusive of dividends) for the six month period was 8.08%. This represents significant over delivery on the Company's annual target of 8%[1]
- EPRA NAV per share increased in the six month period by 5.33 pence or 4.95% to 113.00 pence at 30 September 2018
- Dividend per share ("DPS") declared for the six month period of 2.75 pence putting the Company on track to meet its full year target of 5.50 pence[1]
- DPS fully covered by EPRA earnings per share ("EPS") of 2.80 pence for the half-year which excludes developer licence fees and Adjusted EPS of 3.17 pence including developer licence fees[2]
- Operating profit of £18.39 million comprising income from the Group's property portfolio and changes in fair value of investment property net of administrative and other expenses
- Portfolio independently valued by Knight Frank LLP at £318.79 million as at 30 September 2018 including all commitments on forward funded assets, representing a like for like uplift of 12% from acquisition price (excluding acquisition costs)[3]
- Loan to value reducing from 31 March 2018 to 29% with material headroom to our medium term maximum of 35%
- Low all-in fixed cost of debt of 2.90% and long average debt maturity of 11 years underpinning our ability to grow investor returns through inflation-linked rent reviews
- Total shareholder return since IPO in February 2017 of 21% reflecting the strong performance of the Company's portfolio, increased dividend targets, dividend payments and share price

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

2 A reconciliation to EPS under International Financial Reporting Standards is included in Note 24 to the condensed consolidated financial statements

3 A reconciliation to the fair value of investment property is included in Note 8 to the condensed consolidated financial statements

Operating highlights

	Six months to 30 September 2018	Six months to 30 September 2017
Average acquisition NIY	**5.98%**	5.94%
Rents containing index-linked or fixed uplifts	**97%**	96%
WAULT to first break	**23 years**	24 years
Portfolio let or pre-let	**100%**	100%
Property sectors	**9**	8
Separate tenants	**29**	17
Acquisitions made 'off market'	**83%**	84%
Geared IRR on disposals	**47%**	n/a

- Average acquisition net initial yield ("NIY") to 30 September 2018 of 5.98% net of acquisition costs, representing a 308 bps spread to all-in fixed cost of debt
- 97% of the Group's rental income either contains index-linked rent reviews or fixed rental uplifts underpinning the Company's ability to grow returns over the short and longer term
- A long weighted average unexpired lease term ("WAULT") to first break of over 23 years providing security and predictability to the Group's income
- Portfolio 100% let or pre-let and income producing during the period to 29 separate financially strong tenants across nine defensive and robust sectors on full repairing and insuring leases
- 83% of properties transacted on an 'off market' basis avoiding competition and providing value at the point of acquisition
- Two profitable disposals in the period generating an average geared internal rate of return ("IRR") of 47% at a significant premium to acquisition cost and book value

Post period end highlights

- Raised £175 million of gross equity proceeds via a significantly oversubscribed share issue that closed on 11 October 2018 increasing market capitalisation to over £400 million
- 11 further acquisitions totalling £172 million excluding acquisition costs representing full deployment of the net proceeds within four weeks as described in detail in the Chairman's statement
- Portfolio, including above acquisitions, annual passing rent of £27 million from 34 separate financially strong tenants across nine defensive and robust sectors
- Agreed new 15 year £75 million loan facility with Scottish Widows Limited at a low 1.55% p.a. margin to gear the new equity
- Additional assets under offer/in solicitors' hands to ensure deployment of the debt proceeds in short order

Stephen Hubbard, Chairman of LXi REIT plc, commented:

"This has been another busy and successful six months, implementing our investment strategy, delivering on and in many cases exceeding our targets. The secure income and capital growth of our portfolio has provided a total NAV return of 8.08% in the first half of the year and we are on track to meet and fully cover our 5.50 pence dividend target for the full year.

We were delighted that new and existing shareholders supported our growth plans by subscribing for a further £175 million of equity, shortly after the period end, increasing our market capitalisation to over £400 million. The full deployment of the net proceeds within four weeks of the raise has facilitated further diversification of the Group's portfolio and provided further value to our shareholders through accretive acquisitions."

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 expiry or 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 commenced 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

Meeting for investors and analysts at 10.30am today and audio recording of results available

A meeting for investors and analysts will be held at 10.30am today at:
Newgate Communications
Sky Light City Tower
50 Basinghall Street
London, EC2V 5DE

In addition, later in the day an audio recording of this meeting and the presentation will also be available to download from the Company's website: www.lxireit.com.

The Interim Report and Accounts will also be made available on the Company's website at www.lxireit.com. In accordance with Listing Rule 9.6.1, copies of these documents will be submitted to the UK Listing Authority via the National Storage Mechanism and will be available for viewing shortly at www.morningstar.co.uk/uk/NSM.

CHAIRMAN'S STATEMENT

Dear shareholder

This has been another busy and successful period, implementing our investment strategy, delivering on and in many cases exceeding our targets. The Group's portfolio comprises high quality commercial assets, across a wide range of defensive and robust sectors with a diverse geographical spread, let to strong tenants on long term index-linked leases, underpinning our inflation-protected returns.

We are on track to meet and fully cover our increased full year dividend per share target of 5.50 pence to 31 March 2019 and the secure income and capital growth of our portfolio has provided a total NAV return of 8.08% in the first half of the year.

Our Investment Advisor continues to manage the portfolio effectively, transacting carefully and quickly both in recycling and deploying new capital. This was demonstrated by the two profitable disposals and six accretive acquisitions in the period and the performance of our portfolio to date.

After the period end, we were delighted that new and existing shareholders supported our growth plans by subscribing for a further £175 million of equity, increasing the Company's market capitalisation to over £400 million and broadening our share register with new long term investors. Deployment of the net proceeds has thus far facilitated further diversification of the Group's portfolio and income and is expected to continue to provide further value to our shareholders over the short and longer term.

The Group's investment property was independently valued at 30 September 2018 at £318.79 million, representing an uplift of 12% from acquisition price (excluding acquisition costs). The valuation includes capital commitments on forward funded assets and no portfolio premium has been applied. A reconciliation to the fair value of the portfolio is included in Note 8 to the condensed consolidated financial statements.

Set against a range of political, economic and market risks, including those relating to Brexit, the Group has positioned itself well with strong foundations on which to further build. We have built a defensive portfolio benefitting from very long term and inflation-linked leases to a wide range of strong tenants across robust sectors.

Our investment strategy is focussed on reducing the risk of impact of cyclical or economic downturns. Much of the Group's tenant and sector exposures perform well during times of greater uncertainty and the Group has also strategically concentrated on assets that demonstrate low rents and strong alternative use and residual land value.

The long-lease sector has historically experienced lower levels of volatility in periods of uncertainty and the demand and relative weight of capital attracted to secure long-let property assets increases during such times. As a result, our Investment Advisor receives regular interest, which it monitors closely, in the Group's portfolio.

The selective profitable disposals during the period demonstrate our willingness to capitalise on this interest where opportunities are available to reinvest capital in accretive acquisitions at attractive pricing, delivering further growth to our shareholders and to maintain conservative levels of exposure and a long dated secure income stream.

We continue to see opportunities to employ our strategies, including through forward funding pre-let developments in smaller lot sizes and relationship-driven 'off market' purchases. Our recent acquisitions and those we expect to close in the immediate future demonstrate attractive pricing and high net initial yields that we expect to deliver value whilst, equally importantly, providing a buffer to market values to help protect against softening yields in more adverse markets.

The Board considers the financial performance of the Group to be particularly strong especially in view of the relatively short period since IPO, greatly evidencing the value achieved at and from the point of purchase and the successful implementation of our strategies by the Investment Advisor.

Financial results

The Company has continued to deliver strong financial performance with a total NAV return of 8.08% comprising dividends paid and NAV growth in the half-year. The Company's two dividends announced in respect of the half-year, totalling 2.75 pence per share, reflect the annualised restated target of 5.50 pence (10% ahead of our IPO target) which we are on course to meet, and were fully covered by both the Group's Adjusted EPS of 3.17 pence and EPRA EPS of 2.80 pence.

The Group's earnings and dividends are underpinned by the secure and growing income of our portfolio, the gearing achieved from the 308 bps spread between the Group's average acquisition yield and all-in fixed cost of debt and the low level of ongoing charges per share stringently managed by the Investment Advisor to maximise returns.

The NAV growth in the period of 4.95% reflects, *inter alia*:

(i) the discount achieved on forward funding pre-let developments in smaller lot sizes (including three forward funded/forward committed properties which were not included in the 31 March 2018 NAV) which have provided an average uplift of 19% above investment price;

(ii) the profitable recycling of capital following two disposals at a significant premium to acquisition cost and book value;

(iii) the capitalisation of inflation-linked rental growth; and

(iv) yield compression in the long-lease sector.

The Company's shares also performed well throughout the half-year, ending the period at 115.50 pence, giving a total shareholder return of 21% since IPO in February 2017. The performance and liquidity of the shares is buoyed by the Company having been added to the FTSE EPRA/NAREIT Global Real Estate Index Series in June 2018, after successfully satisfying the required eligibility criteria during the index's quarterly review.

Our portfolio and tenants

The Group's portfolio at 30 September 2018 was secured against 29 institutional-grade tenant covenants with strong financials, diversified by geography and across a broad range of nine defensive and robust property sectors.

The Group completed the acquisitions of the forward funded development let to Lidl in Chard and the forward committed developments let to Premier Inn in Middlesbrough and the Priory Group in Co. Armagh, Northern Ireland, totalling an acquisition price of £17.3 million.

The quality of our portfolio leads to regular interest in and enquiries into the Group's assets. The Board opted to approve two profitable disposals during the period, in order to recycle the capital into accretive acquisitions and increase the Company's value. The Group disposed of:

- A manufacturing facility in Carlisle let on a long lease to SIG Trading Limited 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 and generated a geared IRR of 56% p.a.; and
- Two care homes in Leicestershire let to Prime Life Limited for £19 million reflecting a low exit yield of 5.25%, which compares favourably to the acquisition yield of 6.5% paid by the Company in November 2017 and generated a geared IRR of 39% p.a.

The Company immediately reinvested the proceeds of the disposals into three modern/newly-built industrial facilities from three separate vendors at a blended net initial yield of 5.65% (net of acquisition costs) for a combined purchase price of £37.1 million.

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

- Stobart Group, 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;
- 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 properties benefit from a weighted average unexpired lease term to first break of over 23 years, with five yearly rent reviews linked to the Retail Prices Index ("RPI") or a fixed uplift.

Completion dates for the disposals and acquisitions were aligned in both cases to avoid any cash drag.

The Company has also fully deployed the net proceeds of its recent £175 million capital raise within four weeks of the 16 October 2018 admission date of the new ordinary shares. Details of the new assets are included below in the post balance sheet events.

Dividends

During the six months, the Company declared a final dividend in respect of the period ended 31 March 2018 which, combined with the two previous interim dividends, met the increased dividend target of 4.00 pence per share for that period.

The Company paid a quarterly interim dividend of 1.375 pence per share on 29 September 2018 and declared a second quarterly interim dividend of 1.375 pence per share to be paid on 21 December 2018 in respect of the half-year. The second interim dividend is payable to shareholders registered on 12 October 2018 and the shares went ex-dividend on 11 October 2018.

In total, this takes the dividends paid and declared per share in respect of the first half of the year to 2.75 pence, fully covered by our EPRA and Adjusted EPS for the period and on course to meet our 5.50 pence full year target.

Raising capital

Share issuance

On 11 October 2018 the Company closed a significantly over-subscribed equity raise, with the level of demand allowing the Board to exercise its option to increase the issue beyond the target £100 million in order to raise a total of £175 million which would allow the investment advisor to execute on its attractive pipeline of accretive assets. The level of demand reflects the increased attraction of investors to inflation-protected income secured against a high quality portfolio.

Debt financing

The Group leverages its assets to a conservative level to target increased shareholder returns. During the half-year, the Group benefited from two low cost, long term facilities with Scottish Widows Limited, costing an all-in rate of 2.90% p.a. fixed to expiry of the facilities in July 2029.

At the period end the total borrowings outstanding of £95 million represents an aggregate loan to value of 29% against the Group's total assets on a balance sheet basis.

On 13 November 2018, the Company announced the agreement of a new 15 year £75 million loan facility at a low 1.55% margin with Scottish Widows to gear the proceeds of the recent equity raise, to target increased investor returns and extend the average debt maturity profile of the Group

Fixing our cost of debt underpins our ability to grow investor returns in real terms in the medium term.

Corporate governance

The Company benefits from a strong independent Board of non-executive directors with substantial real estate, financial, commercial and operating experience and has the appropriate sub-committees, including an Audit Committee and a Management Engagement Committee, which meet on a regular basis.

The Board is responsible for directing and controlling the Company and has overall authority for the management and conduct of the Company's business, strategy and development. We recognise the fundamental importance of good governance in exercising this responsibility. The Board also views and approves in advance each property acquisition and disposal, along with other significant matters, including debt facilities and material appointments.

We continue to develop relationships with our shareholders through regular updates to the market including the publication of quarterly fact sheets. The Investment Advisor has had regular communication with our investor base, particularly in the context of our maiden financial results. I was also delighted to represent the Board in attending our first annual results presentation on 21 May 2018.

The Company's first Annual General Meeting took place on 26 June 2018 where the Board was pleased to speak face to face with our shareholders and we will continue to foster communication with investors through two-way dialogue.

The Investment Advisor

LXi REIT Advisors Limited is the Investment Advisor of the Company, providing day to day management services including strategy, raising debt and equity finance, sourcing and advising on investments for acquisition and disposal and due diligence in relation to proposed investments.

The Investment Advisor has provided the Group with access to opportunities at attractive pricing through long-established industry contacts and extensive knowledge of the sector. This has allowed the Group to source and transact on high quality investments to create value for our shareholders.

The Board joins me in praising the performance of the team, in particular for their work in managing the portfolio and achieving growth through selective disposals aligned with immediate recycling of capital, and the successful equity raise and subsequent deployment that will provide further security and returns to investors through diversification and accretive acquisitions.

We welcome the Investment Advisor's continued investment in talent and resource which will further benefit the Group, and in particular the recent appointment of Charlotte Fletcher as Head of Transactions. Charlotte brings significant experience and expertise that will benefit the Group's careful and rapid deployment of both new and recycled capital.

Post balance sheet events

Since the half-year end the Company has acquired the following assets:

- Forward funding the pre-let development of a Travelodge budget hotel at Edinburgh Park, Edinburgh for £6.6 million, reflecting a 5.4% NIY on an unbroken 25 year lease from completion of the building works, with five yearly Consumer Prices Index ("CPI") linked rent reviews
- Forward funding the pre-let development of a Lidl and B&M discount foodstore to be built at Cowdenbeath, East Fife, for £8.5 million, reflecting a 6.0% NIY on a 25 year and a 15 year lease from completion of the building works, with five yearly CPI linked rent reviews
- A Jurys Inn hotel in Plymouth for £30 million, reflecting a 5.7% NIY with an unbroken 24 year unexpired lease term, with five yearly uncapped RPI linked rent reviews
- A BCA car storage facility in Corby, Northamptonshire for £60 million, reflecting a 5.25% NIY, rising to 6% at the next rent review in three years' time, with an unbroken 18 year unexpired lease term, with five yearly uncapped RPI linked rent reviews
- A The Range discount store in Carlisle for £4.3 million, reflecting a 6% NIY with an unbroken 20 year unexpired lease term with fixed five yearly rental uplifts of 2% p.a.
- A portfolio of five geographically diversified Travelodge budget hotels for a combined total consideration of £45 million, reflecting a 5.8% NIY with a WAULT to first break of 24 years, each benefiting from five yearly uncapped RPI linked rent reviews
- An industrial facility in Newbury fully let to Snell Advanced Media Limited, and guaranteed by its parent Belden Inc., for £17.2 million, reflecting a 5.5% NIY with a 17 year unexpired lease term, with five yearly RPI linked rent reviews

These acquisitions represent the selective and careful deployment of the total net proceeds of the Company's recent equity raise into assets that are highly accretive to the Group's portfolio and rent review profile in short order.

The Investment Advisor is under offer/in solicitors' hands on a number of further forward funding assets in order to deploy the proceeds of the new debt facility in short order.

Outlook

The Board believes that in a continuing environment of economic and geopolitical uncertainty due to major political events, the Group's portfolio is resilient and increasingly attractive. The Company provides a secure, diversified and growing index-linked income stream as well as the potential for attractive capital appreciation from our long-let, high quality and robust portfolio across defensive sectors with strong tenant covenants.

Including post balance sheet acquisitions, 97% of the Group's contracted rental income contains index-linked or fixed uplift rent reviews and, when coupled with our low cost base and low all-in cost of debt fixed for a further 13 years including the new facility, gives the Board confidence that the Group can continue to grow dividends and provide inflation-protected income.

Despite a rising interest rate environment, we expect there will continue to be a significant positive spread between the Company's growing index-linked portfolio yield and bond rates.

We remain confident of delivering further value to our shareholders through the Investment Advisor's strategies of acquiring selectively across a wide range of robust sectors on an 'off market' basis and forward funding pre-let developments in smaller lot sizes and, in particular, of achieving the dividend target of 5.50 pence per share for the full year.

Stephen Hubbard
Chairman of the Board of Directors
28 November 2018

INVESTMENT ADVISOR'S REPORT

LXi REIT Advisors Limited, the Investment Advisor to LXI REIT plc, is pleased to report on the operations of the Group for the six months ended 30 September 2018.

We have continued to execute on our investment strategy successfully, delivering inflation-protected income and capital growth underpinned by a carefully built portfolio of secure, long-let and index-linked property assets, highly diversified by sector, tenant and geography.

Secure	**Diversified**	**Predictable**	**Growing**
The portfolio WAULT at 30 September 2018 of **23 years** is one of the longest in the industry, and the income was secured against **29** strong tenants. Our blended acquisition yield of **5.98%** is **308** bps above our all-in fixed cost of debt of **2.90%** p.a.	We have invested in **9** defensive and robust property sectors and with significant geographic and tenant **diversification** to spread our exposure. This also gives us the flexibility to transact where we see the best opportunity to provide value to our shareholders.	All of our leases contain regular upward-only rent reviews, **97%** of which are either **index-linked** or contain fixed uplifts. This coupled with the length of our leases means our earnings are **predictable**.	We have transacted on **10** forward funded/forward committed acquisitions which offer a **significant discount** to built values and our network has helped us source **83%** of our transactions 'off market' providing value to shareholders at the point of transaction.

Portfolio overview

The headline statistics for the portfolio:

	At 30 September 2018
Average NIY	5.98%
WAULT to first break	23 years
Index-linked or fixed uplifts	97%
Separate tenants	29
Property sectors	9
Portfolio valuation	£318.79 million

Delivering secure income

We are delivering against the Company's investment objective by selectively acquiring properties let to a broad range of tenants with strong financials and a proven operating track record, diversifying our income stream by tenant, geography and sector.

Active management of the portfolio, including the recycling of capital, allows us to maintain a long weighted average unexpired lease term of which preserves the security and predictability of the Group's income and underpins the dividends paid to our shareholders.

Key to our objective is the inflation protection offered by our portfolio. The Group aims to grow the dividend in real terms in line with inflation. To achieve this protection, we have linked 97% of the Group's rent reviews, by rental income, to inflation indexes or providing fixed uplifts that mirror expected levels of inflation. In the medium term, inflation is expected to outperform open market rent reviews which is discussed in further detail below.

The Group's rental income is further protected by the strong residual land characteristics demonstrated by assets that are of strategic importance to their tenant. This has been achieved by investing in, inter alia, brand new forward funded assets designed to the tenant's specification, sectors where tenants have historically held their property freehold and property with a low (or indeed reverse) spread between investment value and vacant possession value due to underlying trading performance of the asset.

Delivering attractive growth

The portfolio was valued at 30 September 2018 at £318.79 million, representing a like for like uplift of 12% from acquisition price (excluding acquisition costs).

The portfolio was independently valued by Knight Frank LLP on an individual property basis and without applying a premium or discount to the portfolio as a whole. The valuation includes capital commitments on forward funded assets. A reconciliation to the fair value of the portfolio under IFRS is included in Note 8 to the condensed consolidated financial statements.

The valuation does not include those assets acquired since 30 September 2018 with the net proceeds of the Company's equity raise in October 2018 which are detailed in the Chairman's statement.

We employ a number of techniques to secure assets at an attractive initial yield, without compromising on the asset quality, security or lease length. These techniques ensure that value growth is provided to shareholders at and from the point of acquisition.

Forward funded structures benefit from materially lower purchase costs (usually less than 3% versus 6.8%), significant discount to built values for smaller sized assets along with a range of other benefits (average valuation increase of 19%). We have described these benefits and the implementation of our forward funding strategy in detail below.

Our multi-sector approach allows for a selective and opportunistic approach to acquisitions and disposals across a large universe of assets to find value and avoid over heated sectors as well as utilising early mover advantage in under-exploited asset classes.

We have demonstrated the successful execution of this strategy through our profitable disposals of the two care home assets let to Prime Life Limited and an industrial facility let to SIG Trading Limited in the period at a blended geared IRR of 47% p.a.

We also target transactions in smaller lot sizes (especially forward fundings) generally to avoid the radar of most institutional investors and more comprehensively marketed properties to avoid competition on acquisitions which hardens net initial yields.

Our range of longstanding contacts, including developers, tenants, agents and vendors, has allowed us to acquire 83% of our portfolio, and 100% of the acquisitions during the half-year, through 'off market' purchases identified via our extensive relationships, maintained by our reputation for speed and certainty of transacting.

We also actively manage our portfolio throughout the life of the asset, building relationships with tenants and working to enhance the strategic importance of our assets.

Forward funding pre-let developments

Forward funding strategy

The Group's portfolio consists of a mix of built, forward funded and forward commitment assets. Forward funded structures benefit from materially lower purchase costs as well as significant discounts to built values for smaller lot sizes which delivers growth at and from the point of purchase.

This approach to forward funding pre-let developments, especially in the smaller lot sizes, has allowed us to source high quality, lower-priced assets (compared to built values) with reduced competition and transaction costs. The approach also ensures the asset acquired is brand new with a full unexpired lease term and built to tenant specification to increase strategic importance which are also key benefits of forward commitment structures.

On all forward funded acquisitions, the Group avoids exposure to development risk by ensuring, prior to land completion and entering the funding agreement:

- a fixed-price is agreed for the forward funded purchase, covering land, construction cost and developer's profit - all cost overruns are the risk of the developer/contractor;
- full planning consent is in place;
- a suitable tenant pre-let is in place;
- the developer receives their profit only when the asset achieves practical completion;
- any delay to practical completion of the works is the risk of the developer, as they pay the Group a licence fee, which is brought into the Group's Adjusted earnings, to the date that the lease completes;
- the main contractor is always a reputable entity with a proven track record and provides a parent company guarantee or performance bond;
- a full suite of warranties is provided by the main contractor and professional team; and
- all construction cost drawdowns are paid to the developer monthly in arrears.

Forward funding/commitment implementation

To date, the Group has achieved practical completion on seven forward funding/commitment projects, four of which took place during or since the half-year end. The average valuation gain achieved over acquisition price (excluding acquisition costs) across the forward funding assets is 19%.

Since the start of the half-year, the Group has achieved practical completion on the following forward funding/forward commitment development projects:

- Industrial and head office facility built for the GE Oil & Gas group in Cramlington near Newcastle, reached practical completion on 30 April 2018 on schedule and on budget and the new 20 year lease with RPI linked uplifts completed;

- Care home facility built for the Priory Group in Northern Ireland, Co. Armagh, reached practical completion on 24 May 2018 on schedule and on budget and the new 30 year lease with RPI linked uplifts completed;
- Discount retail park built for Aldi, Home Bargains, Heron Foods, Starbucks and Greggs in Bradford reached practical completion on 15 October 2018 on schedule and on budget and the new 20 year lease with RPI linked uplifts completed; and
- Budget hotel and leisure scheme built for and let to Travelodge, Costa Coffee and KFC in Camborne, reached practical completion on 5 November 2018 and the new 25 year lease to Travelodge with CPI linked uplifts completed.

All other projects are running on time and on budget with practical completion expected on the following dates:

- Travelodge budget hotel, Subway and Starbucks scheme in Swindon, new blended 21 year lease with CPI linked uplifts to reach PC Q4 2018;
- Premier Inn budget hotel in Chesterfield, new 25 year lease with CPI linked uplifts to reach PC Q4 2018; and
- Lidl discount foodstore in Chard, new 15 year lease with RPI linked uplifts to reach PC Q2 2019.

Since the half-year end the Company has invested in two further forward fundings:

- Travelodge budget hotel in Edinburgh Park, Edinburgh, new 25 year lease with CPI linked uplifts to reach PC Q3 2019; and
- Lidl and B&M discount foodstore in Cowdenbeath, East Fife, new 15 year lease and 25 year lease with CPI linked uplifts to reach PC Q3 2019.

Market opportunity - rental growth

Inflation has historically outpaced open market rent reviews and it has increased since the EU referendum result in June 2016, which triggered a decline in the value of Sterling and pushed up the cost of imported goods. As set out below, the anticipated continuing outperformance of inflation over open market rental growth forecasts is expected to prove advantageous to the Group's rental growth.

The HM Treasury Forecasts for the Economy (Medium term forecasts, August 2018) shows an average RPI growth forecast of 3.16% p.a. and an average CPI growth forecast of 2.12% p.a. from 2018 to 2022 (see below). The Investment Property Forum UK Consensus Forecasts Report (Summer 2018) shows a materially lower average open market rental growth forecast of 0.96% p.a. from 2018 to 2022 (see below).

RPI and CPI forecast

Year	RPI p.a.	CPI p.a.
2018	3.4%	2.4%
2019	3.1%	2.1%
2020	3.0%	2.0%
2021	3.1%	2.0%
2022	3.2%	2.1%
Average growth forecast p.a.	**3.16%**	**2.12%**

Source: HM Treasury Forecasts for the Economy (August 2018)

Open market rental growth forecast

Year	Open market rental growth p.a.
2018	0.9%
2019	0.4%
2020	0.7%
2021	1.2%
2022	1.6%
Average growth forecast p.a.	**0.96%**

Source: Investment Property Forum UK Consensus Forecasts (Summer 2018)

The Investment Advisor has continued to implement the Group's Investment Strategy, to take advantage of this economic reality of inflation outperforming the more pedestrian open market rental growth by linking 97% of passing rent to indexation or containing fixed uplifts that mirror the forecast level of inflation over the medium term.

This forecast inflation, together with the fixed low cost of debt (as detailed below) which the Group has secured, is expected to allow for:

- higher income growth for the Group via rental increases in line with inflation;
- enhanced dividend yield due to substantial free cash flows generated via the 308 bps spread between triple net rental income (5.98% average NIY) and low all-in cost of debt (2.90% p.a.) fixed for a further 11 years - rising to 493 bps by expiry of the loan facility, assuming rental growth of 2.50% p.a.; and

- capital growth through: (i) the capitalisation of rental increases following rent reviews; (ii) acquiring mispriced assets where the seller is driven by factors other than price; and (iii) the net purchase price on forward funding assets being a significant discount to completed values and therefore providing scope for 'natural' yield compression as soon as the property is constructed.

Asset management

Our collaborative asset management is designed and implemented to ensure that our property meets our tenants' requirements, thereby strengthening our relationships with them and improving the quality of the income, and in doing so increasing the underlying capital values.

Initiatives can include agreeing new lettings, extending lease lengths on existing assets, facilitating tenants' capital and fit out expenditure and successfully negotiating rent reviews.

During the first half of the year, 45 CPI and two RPI linked rent uplifts were agreed with tenants. The capitalisation of these index-linked rental uplifts has contributed to the Group's NAV growth in the period.

As part of the acquisition and lease back to Stobart in Widnes, the Group facilitated the build of 20 acres of concrete hard standing for storage and a new 23,000 sq ft head office facility, which completed in October 2018. Rent was received under the new leases from the date of legal completion, meaning that a return was received on the Group's investment from the date of acquisition.

The head office underlines the tenant's commitment to the property and the whole project demonstrates our collaborative approach to asset management in order to enhance security of income and underlying capital values.

Four forward funding/commitment assets built to tenant specification and on new fully unexpired long term leases reached practical completion during the period and are described in detail in forward funding implementation above.

Equity raises

We were delighted to raise a further £175 million of gross equity proceeds in October 2018 to support the continued growth and further diversification of the portfolio through a strong pipeline of accretive assets we had built to transact in very short order.

Our existing investors continued to support the growth of the Company through the open offer and we also welcomed a substantial number of new long term shareholders. We have fully deployed the net proceeds of the equity raised within four weeks of the admission date and are under offer/in solicitors' hands on further assets, including a number forward fundings, that will align the drawdown of the new Scottish Widows debt facility with deployment of the funds. Full details of the acquisitions since the period end are given in the Chairman's statement.

Debt finance

The Group benefits from fixed low cost, long term debt, ensuring that increases in rental income are reflected in the returns paid to shareholders. A summary of the Group's debt facilities is as follows:

Lender	Fixed rate p.a.	Loan expiry	Facility
Scottish Widows Limited	2.93%	11 years	£55 million
Scottish Widows Limited	2.85%	11 years	£40 million
At 30 September 2018	**2.90%**	**11 years**	**£95 million**
Scottish Widows Limited	1.55% margin	15 years	£75 million

The Group uses gearing to enhance investor returns and benefits from a low all-in cost of debt across the facilities. The average maturity has increased to 13 years as a result of the new facility, allowing the Group to continue to benefit from a significant spread from debt cost to NIY for the long term notwithstanding rising interest rates in the wider UK economy.

Financial performance

The Group continued to demonstrate strong financial performance in the first half of the year by executing our strategies described above to yield secure inflation-protected income as well as capital growth over a low fixed cost base.

Total NAV return

The Group's total NAV return was 8.08% for the half-year, comprising EPRA NAV growth of 5.33 pence per share and dividends per share paid in the six months totalling 3.375 pence, over opening EPRA NAV per share of 107.67 pence. This demonstrates both the level of earnings generated from our property rental business which underpins the dividend and the like for like valuation growth of the portfolio. This represents significant over delivery on our annual target of 8%.

EPRA NAV per share

EPRA NAV per share as at 30 September 2018 was 113.00 pence, demonstrating NAV growth of 4.95% since 31 March 2018. The growth was the result of the selective disposals at a significant premium to book value of £2.91 million, capitalisation of rental growth and yield compression resulting in changes in fair value (in particular on forward funded assets) of £8.72 million and EPRA earnings of £5.51 million from the property rental business.

Adjusted earnings per share

The Group's Adjusted earnings per share for the first six months was 3.17 pence, which fully covers the 2.75 pence dividend per share paid and declared in respect of the half-year. The Board and Investment Advisor consider the Group's Adjusted earnings when assessing dividend levels as described in detail in Note 24 to the condensed consolidated financial statements. Adjusted earnings is a measure that combines the Group's EPRA earnings of 2.80 pence per share, which also fully cover the dividend, with developer licence fees receivable on forward funded assets during the period.

Total expense ratio

The Group's low and largely fixed cost base gives an annualised total expense ratio for the first half of the year of 1.26% (30 September 2017: 1.55% annualised, 31 March 2018: 1.14%). This reflects an investment advisory fee materially lower than many of our peer group set at 0.75% on market capitalisation up to £500 million, which will reduce to 0.65% on market capitalisation above £500 million. We are committed to continue maintaining a low level of ongoing charges in order to maximise our returns to shareholders. The proceeds of our recent equity raise will further reduce the fixed cost per share and increase shareholder returns.

Dividends

The Company met its dividend target for the period ended 31 March 2018 through a final 2.00 pence dividend per share and declared interim dividends per share of 1.375 pence in respect of the quarter ended 30 June 2018 and 1.375 pence in respect of the quarter ended 30 September 2018.

Dividends declared in respect of the first half of the year were fully covered by the Group's EPRA and Adjusted earnings.

The Company remains on track to achieve its target dividend of 5.50 pence per share for the year to 31 March 2019 and for the Group's EPRA and Adjusted earnings to fully cover the dividend and is well positioned to continue to grow dividends in absolute terms over the short and longer term in line with inflation.

Outlook

Our portfolio is well placed to deliver attractive inflation-protected income and capital growth to our shareholders over the short and longer term through our secure, long-let, index-linked and diversified assets leased to institutional-grade tenants as well as from our growing pipeline of attractive investments and the potential to carefully recycle our existing assets.

Our strategy is continuing to provide growth, both at the point of and from acquisition, through carefully investing, largely 'off market', in smaller lot sizes and also moving early into growth sectors across the long-let property space in the UK, which is itself benefiting from yield compression, as well as on an ongoing basis through active management of the portfolio and the implementation of our forward funding strategy.

Unsolicited interest in the Group's property assets is common due to the quality of our portfolio. The weight of capital seeking secure, long-let and index-linked assets is increasing due to the level of political and economic uncertainty. We constantly monitor this interest as part of our management of the portfolio and over time expect to continue to carefully recycle capital as a measure to deliver further value to shareholders, lengthen income streams and maintain conservative weightings to our sectors.

LXi REIT Advisors Limited
Investment Advisor
28 November 2018

KEY PERFORMANCE INDICATORS

Our objective is to deliver attractive, low-risk returns to shareholders, by executing our investment policy. Set out below are the key performance indicators ("KPIs") we use to track our performance.

KPI and definition	Relevance to strategy	Performance	Result
1. Total NAV return Total NAV return measures the change in the EPRA NAV and dividends paid during the period as a percentage of EPRA NAV at the start of the period. We are targeting a minimum of 8% p.a. over the medium term.	Total NAV return measures the ultimate outcome of our strategy, which is to deliver value to our shareholders through our portfolio and to deliver a secure and growing income stream.	**8.08%** for the six months ended 30 September 2018 (six months ended 30 September 2017: 7.15%, period ended 31 March 2018: 11.91%)	*102% ahead of our medium term minimum target*
2. Dividend per share Dividends paid to shareholders and declared in relation to the period.	The dividend reflects our ability to deliver a low-risk but growing income stream from our portfolio and is a key element of our total NAV return.	**2.75 pence** for the six months ended 30 September 2018 (six months ended 30 September 2017: 1.00 pence per share, period ended 31 March 2018: 4.00 pence per share)	*10% ahead of our dividend target at IPO*
3. EPRA NAV per share The value of our assets (based on an independent valuation) less the book value of our liabilities, attributable to shareholders and calculated in accordance with EPRA guidelines.	The NAV reflects our ability to grow the portfolio and to add value to it throughout the life cycle of our assets.	**113.00 pence** at 30 September 2018 (at 30 September 2017: 105.01 pence per share, at 31 March 2018: 107.67	*Increased EPRA NAV per share by 4.95%*

		pence per share)	
4. Loan to value ratio The proportion of our total assets that is funded by borrowings. Our target maximum LTV is 35%.	The LTV measures the prudence of our financing strategy, balancing the additional returns and portfolio diversification that come with using debt against the need to successfully manage risk.	**29%** at 30 September 2018 (at 30 September 2017: 29%, at 31 March 2018: 30%)	*Significantly below our medium term maximum target of 35%*
5. Adjusted earnings per share Post-tax Adjusted earnings per share attributable to shareholders, which includes the licence fee receivable on our forward funded development assets treated under IFRS as discounts to investment property acquisitions.	The Adjusted earnings per share reflects our ability to generate returns from our portfolio, which ultimately underpins our dividend payments. A reconciliation of Adjusted earnings is included in Note 24 to the condensed consolidated financial statements.	**3.17 pence** for the six months ended 30 September 2018 (six months ended 30 September 2017: 1.49 pence per share, period ended 31 March 2018: 5.05 pence per share)	*Reflecting 1.2 times dividend cover*
6. Total expense ratio The ratio of total operating expenses, including management fees expressed as a percentage of the net asset value.	The total expense ratio is a key measure of our operational excellence. Maintaining a low cost base supports our ability to pay dividends.	**1.26% (annualised)** for the six months ended 30 September 2018 (six months ended 30 September 2017: 1.55% (annualised), period ended 31 March 2018: 1.14%)	*In line with our target*
7. Weighted average unexpired lease term The average unexpired lease terms of the property portfolio, weighted by annual passing rents. Our target WAULT is a minimum of 20 years.	The WAULT is a key measure of the quality of our portfolio. Long lease terms underpin the security and predictability of our income stream.	**23 years** at 30 September 2018 (at 30 September 2017: 24 years, at 31 March 2018: 24 years)	*In line with our investment objective*
8. Percentage of contracted rents index-linked or fixed This takes the total value of contracted rents that contain rent reviews linked to inflation or fixed uplifts as a percentage of the total passing rent of the portfolio.	This measures the extent to which we are investing in line with our investment objective, to provide inflation-linked returns.	**97%** at 30 September 2018 (at 30 September 2017: 96%, at 31 March 2018: 96%)	*In line with our investment objective*

EPRA PERFORMANCE MEASURES

The table below shows additional performance measures, calculated in accordance with the Best Practices Recommendations of the European Public Real Estate Association ("EPRA"). We provide these measures to aid comparison with other European real estate businesses.

Reconciliations of EPRA Earnings and NAV are included in Notes 24 and 25 of the condensed consolidated financial statements respectively.

KPI and definition	Purpose	Performance
1. EPRA NAV	Adjusts NAV under IFRS to	**£222.47 million /**

Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long term investment property business.	provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company, with a long term investment strategy.	**113.00 pence per share** at 30 September 2018 (30 September 2017: £145.07 million / 105.01 pence per share, 31 March 2018: £211.98 million / 107.67 pence per share)
2. EPRA Earnings Earnings from operational activities (which excludes the licence fees receivable on our forward funded development assets).	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	**£5.51 million / 2.80 pence per share** for the period ended 30 September 2018 (30 September 2017: £1.18 million / 1.13 pence per share, 31 March 2018: £5.82 million / 4.20 pence per share)
3. EPRA Triple Net Asset Value ("NNNAV") EPRA NAV adjusted to include the fair values of: (i) financial instruments; (ii) debt and; (iii) deferred taxes.	Adjusts EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.	**£223.15 million / 113.34 pence per share** At 30 September 2018 (30 September 2017: £145.29 million / 105.17 pence per share, 31 March 2018: £212.92 million / 108.15 pence per share)
4. EPRA NIY Annualised rental income based on the cash rents passing at the reporting date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	**5.18%** at 30 September 2018 (30 September 2017: 5.44%, 31 March 2018: 5.47%)
5. EPRA 'Topped-Up' NIY This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives, such as discounted rent periods and step rents).	This measure should make it easier for investors to judge for themselves how the valuations of two portfolios compare.	**6.95%** at 30 September 2018 (30 September 2017: 7.29%, 31 March 2018: 7.67%)
6. EPRA Vacancy Estimated market rental value ("ERV") of vacant space divided by the ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	**0.00%** at 30 September 2018 (30 September 2017: 0.00%, 31 March 2018: 0.00%)
7. EPRA Cost Ratio Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	**17.25%** for the period ended 30 September 2018 (30 September 2017: 42.74%, 31 March 2018: 25.83%) (no direct vacancy costs incurred)

PRINCIPAL RISKS AND UNCERTAINTIES

The Audit Committee, which assists the Board with its responsibilities for managing risk, considers that the principal risks and uncertainties as presented on page 24 of the 31 March 2018 Annual Report were unchanged during the period and for the remaining six months of the financial year. These risks include property and real estate risks, tenant default risk, financial risks and other risks, including dependence on the Investment Advisor, compliance and political uncertainty regarding the potential outcome and impact of Great Britain leaving the European Union. The Board and the Investment Advisor continue to monitor developments closely.

DIRECTORS RESPONSIBILITIES STATEMENT

The Directors confirm that to the best of their knowledge this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the operating and financial review includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct

Authority namely:

- an indication of important events that have occurred during the period and their impact on the condensed consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- disclosure of any material related party transactions in the period are included in Note 19 to the condensed consolidated financial statements.

A list of the Directors is shown in the Company Information section of the Interim Report.

For and on behalf of the Board

Stephen Hubbard
Chairman of the Board of Directors
28 November 2018

INDEPENDENT REVIEW REPORT TO LXI REIT PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim report for the six months ended 30 September 2018, which comprise the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and the related notes.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1 of the Annual Report the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of interim financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO LLP
Chartered Accountants
London
United Kingdom
28 November 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September 2018 (unaudited)	Period from 21 December 2016 to 30 September 2017 (unaudited)	Period from 21 December 2016 to 31 March 2018 (audited)

	Note	£000	£000	£000
Rental income	3	**8,163**	**2,637**	**9,339**
Administrative and other expenses	4	(1,405)	(1,127)	(2,412)
Operating profit before change in fair value and gain on disposal of investment property		**6,758**	**1,510**	**6,927**
Change in fair value of investment property	8	8,721	8,501	15,056
Gain on disposal of investment property	8	2,910	-	91
Operating profit		**18,389**	**10,011**	**22,074**
Finance income	5	37	8	43
Finance costs	6	(1,290)	**(335)**	(1,151)
Profit before tax		**17,136**	**9,684**	**20,966**
Taxation	7	-	-	-
Profit and total comprehensive income attributable to shareholders		**17,136**	**9,684**	**20,966**
Earnings per share - basic and diluted	24	**8.70p**	**9.26p**	**15.12p**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Non-current assets				
Investment property	8	306,071	144,233	255,178
Total non-current assets		**306,071**	**144,233**	**255,178**
Current assets				
Trade and other receivables	10	4,742	3,483	5,624
Deferred acquisition costs		281	2,448	1,274
Deferred share issue costs		206	-	-
Restricted cash	11	6,234	13,917	17,876
Cash and cash equivalents	11	5,584	29,157	30,787
Total current assets		**17,047**	**49,005**	**55,561**
Total assets		**323,118**	**193,238**	**310,739**
Current liabilities				
Trade and other payables	12	7,326	4,015	5,237
Total current liabilities		**7,326**	**4,015**	**5,237**
Non-current liabilities				
Bank borrowings	13	93,321	44,152	93,521
Total non-current liabilities		**93,321**	**44,152**	**93,521**
Total liabilities		**100,647**	**48,167**	**98,758**
Net assets		**222,471**	**145,071**	**211,981**
Equity				
Share capital	14	1,969	1,382	1,969
Share premium reserve	15	58,979	-	58,979
Capital reduction reserve		123,421	134,005	130,067
Retained earnings		38,102	9,684	20,966
Total equity		**222,471**	**145,071**	**211,981**
Net asset value per share - basic and diluted	25	**113.00p**	**105.01p**	**107.67p**
EPRA net asset value per share	25	**113.00p**	**105.01p**	**107.67p**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2018 (unaudited)	Note	Share capital £000	Share premium reserve £000	Capital reduction reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2018		**1,969**	**58,979**	**130,067**	**20,966**	**211,981**
Profit and total comprehensive income attributable to shareholders		-	-	-	17,136	17,136
Dividends Paid						
Final dividend in respect of the period ended 31 March 2018 at 2.00 pence per ordinary share	16	-	-	(3,938)	-	(3,938)
First interim dividend in respect of the year ending 31 March 2019 at 1.375 pence per ordinary share	16	-	-	(2,708)	-	(2,708)
Balance at 30 September 2018		**1,969**	**58,979**	**123,421**	**38,102**	**222,471**

Period from 21 December 2016 to 30 September 2017 (unaudited)	Note	Share capital £000	Share premium reserve £000	Capital reduction reserve £000	Retained earnings £000	Total equity £000
Balance at 21 December 2016		-	-	-	-	-
Profit and total comprehensive income attributable to shareholders		-	-	-	9,684	9,684
Transactions with owners						
First issue of ordinary shares in the period	14,15	1,382	136,768	-	-	138,150
Share issue costs	14,15	-	(2,763)	-	-	(2,763)
Cancellation of share premium	15	-	(134,005)	134,005	-	-
Balance at 30 September 2017		**1,382**	**-**	**134,005**	**9,684**	**145,071**

Period from 21 December 2016 to 31 March 2018 (audited)	Note	Share capital £000	Share premium reserve £000	Capital reduction reserve £000	Retained earnings £000	Total equity £000
Balance at 21 December 2016		-	-	-	-	-
Profit and total comprehensive income attributable to shareholders for the period		-	-	-	20,966	20,966
Transactions with owners						
First issue of ordinary shares in the period	14,15	1,382	136,768	-	-	138,150
Share issue costs	14,15	-	(2,688)	-	-	(2,688)
Cancellation of share premium	15	-	(134,005)	134,005	-	-
Second issue of ordinary shares in the period	15	587	59,613	-	-	60,200
Share issue costs	15	-	(709)	-	-	(709)
Dividends Paid						
First interim dividend in respect of the period ended 31 March 2018 at 1.00 pence per ordinary share	16	-	-	(1,969)	-	(1,969)
Second interim dividend in respect of the period ended 31 March 2018 at 1.00 pence per ordinary share	16	-	-	(1,969)	-	(1,969)
Balance at 31 March 2018		**1,969**	**58,979**	**130,067**	**20,966**	**211,981**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30	Period from 21 December 2016 to	Period from 21 December 2016

	Note	September 2018 (unaudited) £000	30 September 2017 (unaudited) £000	to 31 March 2018 (audited) £000
Cash flows from operating activities				
Profit before tax		17,136	9,684	20,966
Adjustments for:				
Finance income	5	(37)	(8)	(43)
Finance costs	6	1,290	335	1,151
Change in fair value of investment property	8	(8,721)	(8,501)	(15,056)
Gain on disposal of investment property	8	(2,910)	-	(91)
Tenant lease incentives	3	(1,184)	(494)	(1,687)
Operating results before working capital changes		**5,574**	**1,016**	**5,240**
Decrease/(increase) in trade and other receivables		622	(3,483)	(5,624)
Increase in trade and other payables		1,021	1,877	3,121
Net cash flow generated from/(used in) operating activities		**7,217**	**(590)**	**2,737**
Cash flows from investing activities				
Purchase of investment properties		(67,213)	(135,547)	(238,452)
Proceeds from sale of investment property		31,196	-	702
Interest received		37	8	43
Net cash flow used in investing activities		**(35,980)**	(135,539)	**(237,707)**
Cash flows from financing activities				
Proceeds from shares issued in the period		-	138,150	198,350
Share issue costs paid		-	(2,763)	(3,397)
Dividend paid		(6,645)	-	(3,458)
Interest paid		(1,383)	(335)	(1,313)
Bank borrowings drawn		11,642	31,082	77,124
Loan arrangement fees paid		(54)	(848)	(1,549)
Net cash flow generated from financing activities		**3,560**	**165,286**	**265,768**
Net (decrease)/increase in cash and cash equivalents		**(25,203)**	**29,157**	**30,787**
Cash and cash equivalents at the beginning of the period		**30,787**	-	-
Cash and cash equivalents at the end of the period	11	**5,584**	**29,157**	**30,787**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

This consolidated set of interim financial statements has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and IAS 34 Interim Financial Reporting, as adopted by the European Union.

The condensed consolidated financial statements for the six months ended 30 September 2018 have been reviewed by the Company's Auditor, BDO LLP, in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity and were approved for issue on 28 November 2018. The condensed consolidated financial statements are unaudited and do not constitute statutory accounts for the purposes of the Companies Act 2006.

The comparative financial information presented herein for the period from 21 December 2016 to 31 March 2018 does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's Annual Report for the period ended 31 March 2018 has been delivered to the Registrar of Companies. The Group's independent auditor's report on those accounts was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

- **Standards effective from 1 April 2018**

The Group has applied the same accounting policies in this condensed set of financial statements as in its financial statements to 31 March 2018, except for those that relate to new standards and interpretations effective for the first time for periods beginning on or after 1 January 2018. New standards impacting the Group that have been adopted for the first time in this set of condensed financial statements are:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instrument: Recognition and Measurement and introduces a single model that has initially only two classification categories rather than the multiple classification and measurement models in the previous standard. The new models are amortised cost and fair value.

Due to the nature of the Group's financial instruments, the adoption of IFRS 9 does not have a material impact on the Group's results or financial position and does not require a restatement of comparative figures.

The fair value of each category of the Group's financial instruments approximates to their carrying value other than the Group's debt instruments, the fair value of which is disclosed in Note 9. Where financial assets and liabilities are measured at fair value the measurement hierarchy, valuation techniques and inputs used are consistent with those used at 31 March 2018. There were no movements between different levels of the fair value hierarchy in the period.

Having considered the requirements of IFRS 9, under section 5.5.15(b), the Board has applied the simplified approach when considering the Expected Credit Loss ("ECL") model when determining the expectations of impairment. Under the simplified approach the Company is always required to measure lifetime expected losses.

Given the nature of the Group's receivables and counterparties, the Board does not consider any to be impaired. They believe that all are fully recoverable and the probability of credit loss is immeasurably small and therefore any ECL arising to be immaterial.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 has replaced IAS 11 Construction Contracts and IAS 18 Revenue. The standard introduces a new revenue recognition model that recognises revenue either at a point in time or over time (effective for annual periods beginning on or after 1 January 2018).

The Directors are satisfied the standard has no material impact on the financial statements as rental income is outside the scope of the standard and the Group's only revenue is currently generated from rental income from leases that do not contain any service components.

- **Standards in issue but not yet effective**

The following new standard, which is not yet effective and has not been early adopted in this financial information will or may have an effect on the Group's future financial statements:

- IFRS 16 Leases: introduction of a single, on-balance sheet accounting model for leases which refers primarily to accounting for lessees (effective for annual periods beginning on or after 1 January 2019).

The Directors have given due consideration to the impact on the consolidated financial statements of the standard listed above and at present they do not anticipate that the adoption of these standards and interpretations will have a material impact on the consolidated financial statements in the period of initial application, other than on presentation and disclosure.

- **Going concern**

The condensed consolidated financial statements have been prepared on a going concern basis.

The Group benefits from a secure income stream from long leases with its tenants, which is not overly reliant on any one tenant and present a well-diversified risk. The Group's cash balance at 30 September 2018 was £5.58 million (30 September 2017: £29.16 million, 31 March 2018: £30.79 million) which was readily available and £6.23 million which is restricted (30 September 2017: £13.92 million, 31 March 2018: £17.88 million) (Note 11). At 30 September 2018, the Group had capital commitments totalling £10.39 million (30 September 2017 £15.31 million, 31 March 2018: £21.65 million) (Note 22).
Restricted cash is held by the bank subject to certain properties entering the security pool and is expected to be fully drawn down by 31 December 2018.

After the period end the Group received cash in respect of gross equity issue proceeds of £175.25 million (Note 26) and agreed a new loan facility of £75 million (Note 26).

As a result, the Directors believe that the Group is well placed to manage its financing and other business risks and that the Group will remain viable, continuing to operate and meet its liabilities as they fall due.

The Directors believe that there are currently no material uncertainties in relation to the Group's ability to continue in operation for the period of at least 12 months from the date of approval of the condensed consolidated financial statements. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the condensed consolidated financial statements is appropriate.

2. Significant accounting judgments, estimate and assumptions

In the application of the Group's accounting policies the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Estimates:

- **Valuation of investment properties**

The Group uses the valuation carried out by Knight Frank LLP (the "Independent Valuer") as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and the appropriate capitalisation rate. The Independent Valuer makes reference to market evidence of transaction prices for similar properties.

The Group's properties have been independently valued by its Independent Valuer in accordance with the definitions published by the Royal Institute of Chartered Surveyors ("RICS") Valuation - Professional Standards, July 2017, Global and UK Editions (commonly known as the 'Red Book').

Investment properties under construction are financed by the Group where the Group enters into contracts for the development of a pre-let property under a funding agreement. All such contracts specify a fixed amount of consideration. The Group does not expose itself to any speculative development risk as the proposed building is pre-let to a tenant under an agreement for lease and the Group enters into a fixed-price development agreement with the developer. Investment properties under construction are initially recognised at cost (including any associated costs), which reflect the Group's investments in the assets. Subsequently, the assets are remeasured to fair value at each reporting date. The fair value of investment properties under construction is estimated as the capitalised income calculated by the Independent Valuer, less any costs still payable in order to complete, which include an appropriate developer's margin.

With respect to the condensed consolidated financial statements, investment properties are valued at their fair value at each reporting date in accordance with IFRS 13 which recognises a variety of fair value inputs depending upon the nature of the investment. Given the bespoke nature of each of the Group's investments, all of the Group's investment properties are included in Level 3. Details of the nature of these inputs and sensitivity analysis is provided in Note 8.

Judgments:

- **Classification of lease arrangements - the Group as lessor**

The Group has acquired investment property that is leased to tenants. In considering the classification of lease arrangements, at inception of each lease the Group considers the economic life of the asset compared with the lease term and the present value of the minimum lease payments and any residual value compared with the fair value and associated costs of acquiring the asset as well as qualitative factors as indicators that may assert to the risks and rewards of ownership having been substantially retained or transferred. Based on evaluation the Group has determined that it retains all the significant risks and rewards of ownership of its investment property and accounts for the lease arrangements as operating leases.

3. Net rental income

	Six months ended 30 September 2018 (unaudited) £000	Period from 21 December 2016 to 30 September 2017 (unaudited) £000	Period from 21 December 2016 to 31 March 2018 (audited) £000
Rental income from investment property	6,979	2,143	7,652
Tenant lease incentives (Note 8)	1,184	494	1,687
	8,163	**2,637**	**9,339**

4. Administrative and other expenses

	Six months ended 30 September 2018 (unaudited) £000	Period from 21 December 2016 to 30 September 2017 (unaudited) £000	Period from 21 December 2016 to 31 March 2018 (audited) £000
Investment advisory fees	804	640	1,387
Legal and professional fees	155	176	397
Directors' fees	67	77	142
Employer's national insurance	5	6	15
Corporate administration fees	107	69	193
Other administrative costs	168	72	72
Advertising & Marketing	39	32	76
Fees paid to the Company's Independent Auditor	60	55	130
	1,405	**1,127**	**2,412**

Fees paid to the Company's Independent Auditor comprise £20,000 for the interim review (30 September 2017: £20,000, 31 March 2018: £20,000), £40,000 accrued in respect of the audit of the Annual Report and financial statements (30 September 2017: £Nil, 31 March 2018: £95,000) and £Nil for the audit of the Company's initial accounts (30 September 2017: £15,000, 31 March 2018: £15,000).
The Company has paid no additional fees to the Company's Independent Auditor in the period which have been treated as a reduction in equity as share issue costs (30 September 2017: £92,000, 31 March 2018: £97,000).

The Directors' fees are satisfied by way of ordinary shares acquired at market value, such ordinary shares are acquired on behalf of the Directors by the Company's broker.

LXi REIT Advisors Limited is the Investment Advisor of the Company. Under the Investment Advisory agreement, the Investment Advisor advises the Company in relation to the management, investment and reinvestment of the assets of the Group.

The investment advisory fee is calculated in arrears in respect of each month, in each case based upon the average market capitalisation of the Company on the following basis:

(a) One-twelfth of 0.75 per cent per calendar month of market capitalisation up to or equal to £500 million; and

(b) One-twelfth of 0.65 per cent per calendar month of market capitalisation above £500 million.

No performance fee is payable to the Investment Advisor.

The appointment of the Investment Advisor shall continue in force unless and until terminated by either party giving to the other not less than 12 months' written notice, such notice not to expire earlier than 27 February 2022.

5. Finance income

	Six months ended 30 September 2018 (unaudited) £000	Period from 21 December 2016 to 30 September 2017 (unaudited) £000	Period from 21 December 2016 to 31 March 2018 (audited) £000
Interest on cash held at bank	37	8	43
	37	**8**	**43**

6. Finance costs

	Six months ended 30 September 2018 (unaudited) £000	Period from 21 December 2016 to 30 September 2017 (unaudited) £000	Period from 21 December 2016 to 31 March 2018 (audited) £000
Interest payable on bank borrowings	1,217	318	1,090
Amortisation of loan arrangement fees	72	16	58
Bank charges	1	1	3
	1,290	**335**	**1,151**

Capitalised finance costs are included within property acquisitions in Note 8. The total interest payable on financial liabilities carried at amortised cost comprised:

(i) the interest payable on bank borrowings totalling £1,381,000 of which £164,000 was capitalised (30 September 2017: £318,000 of which £Nil was capitalised, 31 March 2018: £1,310,000 of which £220,000 was capitalised); and

(ii) the amortisation of loan arrangement fees totalling £77,000 of which £5,000 was capitalised (30 September 2017: £16,000 of which £Nil was capitalised, 31 March 2018: £70,000 of which £12,000 was capitalised).

7. Taxation

The Group is a real estate investment trust ("REIT") and as a result the profit and gains arising from the Group's property rental business are exempt from UK corporation tax. Provided the Group meets certain conditions as set out in the UK REIT regulations. Profits arising from any residual activities (e.g. trading activities and interest income), after the utilisation of any available residual tax losses, are subject to corporation tax at the main rate of 19% for the period.

	Six months ended 30 September 2018 (unaudited) £000	Period from 21 December 2016 to 30 September 2017 (unaudited) £000	Period from 21 December 2016 to 31 March 2018 (audited) £000
Current tax	-	-	-
Total current tax	**-**	**-**	**-**
Origination and reversal of temporary differences	-	-	-
Total deferred tax	**-**	**-**	**-**
Tax charge	**-**	**-**	**-**

Reconciliation of the total tax charge

The reconciliation of profit before tax multiplied by the standard rate of corporation tax for the period of 19% to the total tax charge in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended 30 September 2018 (unaudited) £000	Period from 21 December 2016 to 30 September 2017 (unaudited) £000	Period from 21 December 2016 to 31 March 2018 (audited) £000
Profit before tax	**17,136**	**9,684**	**20,966**
Tax at the standard rate of UK corporation tax of 19%	3,256	1,840	3,984
Effects of:			
REIT exempt income	(1,599)	(225)	(1,122)
Revaluation of investment properties	(1,657)	(1,615)	(2,862)
Tax charge	**-**	**-**	**-**

UK REIT exempt income includes property rental income that is exempt from UK Corporation Tax in accordance with Part 12 of CTA 2010.

8. Investment property

	Investment property long leasehold £000	Investment property freehold £000	Investment property in course of construction £000	Total £000
Six months ended 30 September 2018 (unaudited)				
Balance at 1 April 2018	12,585	216,026	26,567	255,178
Property acquisitions	5,992	46,392	17,593	69,977
Licence fee receivable (Note 24)	-	-	(740)	(740)
Tenant lease incentives (Note 3)	39	1,112	33	1,184
Property disposals	-	(28,249)	-	(28,249)
Change in fair value	794	5,716	2,211	8,721
Transfers of completed property	-	13,232	(13,232)	-
Balance at 30 September 2018	**19,410**	**254,229**	**32,432**	**306,071**
Period from 21 December 2016 to 30 September 2017 (unaudited)				
Balance at 21 December 2016	-	-	-	-
Property acquisitions	-	127,931	7,680	135,611
Licence fee receivable (Note 24)	-	-	(373)	(373)
Tenant lease incentives (Note 3)	-	494	-	494
Change in fair value	-	5,440	3,061	8,501
Balance at 30 September 2017	**-**	**133,865**	**10,368**	**144,233**
Period from 21 December 2016 to 31 March 2018 (audited)				
Balance at 21 December 2016	-	-	-	-
Property acquisitions	12,106	200,121	28,007	240,234
Licence fee receivable (Note 24)	-	-	(1,188)	(1,188)
Tenant lease incentives (Note 3)	196	1,491	-	1,687
Property disposals	-	(611)	-	(611)
Change in fair value	283	8,234	6,539	15,056

Transfers of completed property	-	6,791	(6,791)	-
Balance at 31 March 2018	**12,585**	**216,026**	**26,567**	**255,178**

The investment property has been independently valued at fair value by Knight Frank LLP, the Independent Valuer, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued. The valuations are the ultimate responsibility of the Directors.

The Independent Valuer valued the entire property portfolio at £318.79 million at 30 September 2018 (30 September 2017: £159.92 million, 31 March 2018: £278.92 million) including capital commitments on forward funded assets.

All corporate acquisitions during the period have been treated as asset purchases rather than business combinations as they are considered to be acquisitions of property rather than a business.

All ground rents payable by the Group on long leasehold properties are nominal and as such no finance lease liability has been recognised in respect of these properties.

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Investment property at fair value	306,071	144,233	255,178
Capital commitments (Note 22)	10,386	15,308	21,647
Vender discount in respect of rent-free periods and top-ups	1,108	-	1,134
Licence fee receivable (Note 10)	1,225	374	961
Total portfolio valuation	**318,790**	**159,915**	**278,920**

Capital commitments represent the costs to bring the asset to completion under the funding agreements with the developers which includes a developer's margin. These costs are not provided for in the statement of financial position.

Vendor discounts in respect of rent-free periods and top-ups represent amounts by which a purchase price was reduced by the vendor on acquisitions to cover future rent-free periods or periods to the next rent review under the lease. The total portfolio valuation assumes the property to be income generating during the unexpired rent-free periods and passing rent to be the topped-up rent during the unexpired period to next rent review and therefore includes this income in the valuation.

Licence fee receivable represent amounts due from developers under funding agreements that have not been settled at the period end. The valuation assumes the property to be income generating throughout the period of development and therefore includes this income in the valuation.

Investment property at fair value

Valuation	Quoted prices in active markets (Level 1) £000	Significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
At 30 September 2018 (unaudited)	-	-	306,071	306,071
At 30 September 2017 (unaudited)	-	-	144,233	144,233
At 31 March 2018 (audited)	-	-	255,178	255,178

There have been no transfers between levels during the period.

The valuations have been prepared in accordance with the RICS Valuation - Professional Standards (incorporating the International Valuation Standards).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets.

The following descriptions and definitions relating to valuation techniques and key inputs made in determining fair values are as follows:

Valuation techniques: market value method

Under the market value method, the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Observable input: passing rent

The prevailing rent at which space is let at the date of valuation (range: £10,385 - £1,512,500 p.a.). Passing rents are dependent upon a number of variables in relation to the Group's property. These include: size, location, tenant covenant strength and terms of the lease.

Unobservable input: rental growth

The estimated average increase in rent based on both market estimations and contractual arrangements. A reduction of the estimated future rental growth in the valuation model would lead to a decrease in the fair value of the investment property and an inflation of the estimated future rental growth would lead to an increase in the fair value. No quantitative sensitivity analysis has been provided for estimated rental growth as a reasonable range would not result in a significant movement in fair value.

Unobservable input: net initial yield

The net initial yield is defined as the initial gross income as a percentage of the market value (or purchase price as appropriate) plus standard costs of purchase (range: 4.24% - 6.33%).

Sensitivities of measurement of significant inputs

As set out within significant accounting estimates and judgments above, the Group's property portfolio valuation is open to judgments and is inherently subjective by nature. The table below shows the sensitivities of measurement the Group's investment property to certain inputs:

Valuation	-5% in passing rent £000	+5% in passing rent £000	+25bps in net initial yield £000	-25bps in net initial yield £000
At 30 September 2018 (unaudited)	(15,899)	15,929	(14,800)	16,327
At 30 September 2017 (unaudited)	(8,030)	7,958	(7,138)	7,758
At 31 March 2018 (audited)	(14,183)	13,693	(12,742)	13,493

Realised gain on disposal of investment property

During the period, the Group disposed of certain of its investment property. The table below shows a reconciliation of the gain recognised on disposal through the condensed consolidated statement of comprehensive income and the realised gain on disposals in the period which includes changes in fair value of the investment property recognised in previous periods.

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Consideration received	31,196	-	729
Less:			
Carrying value	(28,249)	-	(611)
Selling costs	(37)	-	(27)
Gain on disposal of investment property	**2,910**	**-**	**91**
Add:			
Change in fair value recognised in previous periods	1,624	-	-
Realised gain on disposal of investment property	**4,534**	**-**	**91**

9. Financial instruments

Set out below is a comparison of the book value and fair value of the Group's financial instruments where a difference exists. The fair value of financial instruments not included in the comparison is equal to book value.

Bank borrowings	Book value £000	Fair value £000
At 30 September 2018 (unaudited)	93,321	92,639
At 30 September 2017 (unaudited)	44,151	43,931
At 31 March 2018 (audited)	93,521	92,579

10. Trade and other receivables

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Recoverable VAT	1,631	2,617	3,499
Licence fee receivable (Note 8)	1,225	374	961
Rent receivable	1,822	97	1,130
Prepayments and other receivables	64	395	34
	4,742	**3,483**	**5,624**

All amounts were due for receipt within one year.

Trade and other receivables that are financial assets amount to £3,110,000 (30 September 2017: £886,000, 31 March 2018: £2,125,000) which comprises licence fee receivable and rent receivable

11. Cash reserves

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Cash at bank	4,182	22,353	30,712
Cash held by lawyers	1,402	6,803	75
Total cash and cash equivalents	**5,584**	**29,156**	**30,787**
Restricted cash	6,234	13,918	17,876
Total cash at bank	**11,818**	**43,074**	**48,663**

Cash held by lawyers is money held in escrow for expenses expected to be incurred in relation to investment properties pending completion. These funds are available immediately on demand.

12. Trade and other payables

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Accrued investment property costs	2,704	2,512	1,636
Deferred rental income	2,483	983	1,978
Accruals	440	314	281
Trade and other payables	1,681	190	1,324
Directors' fees	18	16	18
	7,326	**4,015**	**5,237**

All amounts were due for payment within one year.

Trade and other payables that are financial liabilities amount to £4,843,000 (30 September 2017: £3,032,000, 31 March 2018: £3,259,000) which comprises accrued investment property costs, accruals, trade and other payables and Directors' fees.

13. Bank borrowings

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Capital outstanding			
At start of period	95,000	-	-
Drawdowns	-	45,000	95,000
At end of period	**95,000**	**45,000**	**95,000**
Less: unamortised loan arrangement fees	(1,679)	(848)	(1,479)
Carrying value	**93,321**	**44,152**	**93,521**

Maturity of bank borrowings

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Repayable between 1 and 2 years	-	-	-
Repayable between 2 and 5 years	-	-	-
Repayable after 5 years	93,321	44,152	93,521
	93,321	**44,152**	**93,521**

At 30 September 2018, the Group's borrowings consisted of two facilities with Scottish Widows Limited both of which mature in July 2029. The first is a fixed rate, interest only loan facility of £55 million. The facility has a fixed all-in rate payable of 2.93% p.a., for the duration of the 12 year loan term. The second is a fixed rate, interest only loan facility of £40 million. The facility has a fixed all-in rate payable of 2.85% p.a., for the duration of the loan term.

On 13 November 2018, the Group announced the agreement of a new 15 year £75 million loan facility at a low 1.55% margin with Scottish Widows.

The Group has remained compliant with the covenants throughout the period up to the date of this report.

The facilities are secured against certain of the Group's investment property.

14. Share capital

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Authorised:			
196.88 million ordinary shares of £0.01 each	1,969	1,382	1,969
Issued and fully paid:			
196.88 million ordinary shares of £0.01 each	1,969	1,382	1,969

On 27 January 2017, 50,000 redeemable preference shares of £1.00 were issued at par. These shares were subsequently redeemed at par and cancelled on 22 February 2017.

The Company achieved admission to the premium listing segment of the Official List of the London Stock Exchange on 27 February 2017. At IPO, the Company issued 138,150,000 shares of 1 pence nominal value and a premium of 99 pence per share for total consideration of £138.15 million.

On 16 October 2017 the Company issued 58,731,707 additional shares of 1 pence nominal value and a premium of 101.5 pence per share for total consideration of £60.20 million.

On 16 October 2018 the Company issued 155,433,165 additional shares of 1 pence nominal value and a premium of 111.75 pence per share for total consideration of £175.25 million.

15. Share premium reserve

The share premium relates to amounts subscribed for share capital in excess of nominal value net of directly attributable share issue costs.

Share premium reserve	£000
Six months ended 30 September 2018 (unaudited)	
Balance at 1 April 2018	58,979
Balance at 30 September 2018	**58,979**
Period from 21 December 2016 to 30 September 2017 (unaudited)	
Balance at 21 December 2016	-
Share premium arising on first issue of ordinary shares	136,768
Share issue costs	(2,763)
Transfer to capital reduction reserve	(134,005)
Balance at 30 September 2017	**-**
Period from 21 December 2016 to 31 March 2018 (audited)	
Balance at 21 December 2016	-
Share premium arising on first issue of ordinary shares	136,768
Share issue costs	(2,688)
Transfer to capital reduction reserve	(134,005)
Share premium arising on second issue of ordinary shares	59,613
Share issue costs	(709)
Balance at 31 March 2018	**58,979**

On 27 January 2017, a resolution was passed authorising the cancellation of the share premium reserve conditional on the following terms:

- Admission of the ordinary shares of the Company to listing on the UK Listing Authority's Official List
- The Company's ordinary shares to commence trading on London Stock Exchange's Main Market for listed securities
- Approval of the court for the reduction of share capital

The amount standing to the credit of the share premium reserve of the Company following completion of the IPO (less issue expenses set off against the share premium reserve) was, as a result, transferred to the capital reduction reserve. This is a distributable reserve which is capable of being applied in any manner in which the Company's profits available for distribution (as determined in accordance with the Companies Act 2006) are able to be applied.

In order to cancel the share premium reserve, the Company obtained a court order on 28 June 2017. An SH19 form was sent to Companies House with a copy of the court order and the certificate of cancellation was issued by the Registrar of Companies on 28 June 2017.

16. Dividends

Dividends paid and declared	£000
Six months ended 30 September 2018 (unaudited)	
Final dividend in respect of period ended 31 March 2018 at 2.00 pence per ordinary share	3,938
First interim dividend in respect of year ending 31 March 2019 at 1.375 pence per ordinary share	2,708

Total dividends paid	**6,646**

Total dividends paid for the period	**3.375p**
Total dividends declared for the period	**2.750p**

Period from 21 December 2016 to 31 March 2018 (audited)	
First interim dividend in respect of period ended 31 March 2018 at 1.00 pence per ordinary share	1,969
Second interim dividend in respect of period ended 31 March 2018 at 1.00 pence per ordinary share	1,969
Total dividends paid	**3,938**

Total dividends paid for the period	**2.00p**
Total dividends declared for the period	**4.00p**

Dividends in respect of the period ended 31 March 2018

On 23 November 2017, the Company announced first interim dividend in respect of the period from 21 December 2016 to 30 September 2017 of 1.00 pence per ordinary share which was paid on 29 December 2017 to ordinary shareholders on the register on 1 December 2017.

On 16 February 2018, the Company announced second interim dividend in respect of the period from 1 October 2017 to 31 December 2017 of 1.00 pence per ordinary share which was paid on 29 March 2018 to ordinary shareholders on the register on 2 March 2018.

On 21 May 2018, the Company proposed final dividend in respect of the period from 1 January 2018 to 31 March 2018 of 2.00 pence per ordinary share which was paid on 2 July 2018 to shareholders on the register at the close of business on 6 June 2018. The ordinary shares went ex-dividend on 7 June 2018. The final dividend was approved by shareholders at the Company's AGM on 26 June 2018.

Dividends in respect of the year ending 31 March 2019

On 6 August 2018, the Company announced first interim dividend in respect of the period from 1 April 2018 to 30 June 2018 of 1.375 pence per ordinary share which was paid on 28 September 2018 to ordinary shareholders on the register on 7 September 2018.

On 4 October 2018, the Company announced second interim dividend in respect of the period from 1 July 2018 to 30 September 2018 of 1.375 pence per ordinary share which is payable on 21 December 2018 to ordinary shareholders on the register on 12 October 2018.

17. Operating leases - The Group as lessor

The future minimum lease receivable by the Group under non-cancellable operating leases at 30 September 2018 are as follows:

Lease receivables	< 1 year £000	2-5 years £000	> 5 years £000	Total £000
At 30 September 2018 (unaudited)	17,516	70,114	334,058	421,688
At 30 September 2017 (unaudited)	9,065	36,286	175,476	220,827
At 31 March 2018 (audited)	15,475	61,941	318,152	395,568

At 30 September 2018, all of the Group's leases:

- were on full repairing and insuring terms, meaning the tenants are responsible for repair, maintenance and outgoings;
- provided for fixed rents (rather than turnover rents), which review on an upward-only basis (either annually or five yearly). The vast majority (97%) have rent reviews directly linked to inflation or on a fixed uplift basis; and
- had long contractual terms, averaging 23 years to the earlier of first tenant break or expiry.

18. Segmental information

Operating segments are identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision maker (which in the Group's case is the Board, comprising the non-executive Directors, and the Investment Advisor) in order to allocate resources to the segments and to assess their performance.

The internal financial reports contain financial information at a Group level as a whole and there are no reconciling items between the results contained in these reports and the amounts reported in the condensed consolidated financial statements. These internal financial reports include the IFRS figures but also report the non-IFRS figures for the EPRA performance measures and Adjusted earnings as disclosed in Note 24 and 25.

The Group's property portfolio comprises investment property, diversified across nine different property sub-sectors. The Directors consider that all the properties have similar economic characteristics. Therefore, in the view of the Directors, there is one reportable segment.

All of the Group's properties are based in the UK and as such no geographical grouping is considered appropriate for segmental analysis.

One tenant contributed individually 10% or more of the Group's rental income in the period (30 September 2018: three tenants, 31 March 2018: three tenants) and are therefore considered major customers. The contribution of the major customer to rental income was £836,000 (30 September 2017: £636,000, £581,000 and £277,175, 31 March 2018: £1,342,000, £1,269,000 and £1,043,000).

19. Related party transactions

Fees payable to the Directors, save where the Company determines otherwise, are satisfied in ordinary shares acquired at market value, such ordinary shares are acquired on the open market without a new issue of shares on behalf of the Directors by the Company's broker. Any ordinary shares acquired by the Directors pursuant to these arrangements shall be subject to the terms of the Lock-in Deed.

Fees of £67,000 were payable to the Directors in respect of the period (30 September 2017: £77,000, 31 March 2018: £142,000). At 30 September 2018, the amount of £18,000 was due to the Directors (30 September 2017: £16,000, 31 March 2018: £18,000).

During the period, the Directors purchased and held at the period end the following number of ordinary shares:

Number of shares		30 September 2018 (unaudited)	30 September 2017 (unaudited)	31 March 2018 (audited)
Stephen Hubbard	Purchased	9,968	60,437	71,057
(Chairman)	**Held**	**81,025**	**60,437**	**71,057**
Colin Smith	Purchased	6,853	108,378	160,681
	Held	**167,534**	**108,378**	**160,681**
John Cartwright	Purchased	8,835	29,551	38,030
	Held	**46,865**	**29,551**	**38,030**
Jan Etherden	Purchased	7,428	23,886	30,838
	Held	**38,266**	**23,886**	**30,838**

On 16 October 2018, Stephen Hubbard purchased a further 30,000 ordinary shares in the Company's equity raise.

A fee of £804,000 was payable to the Investment Advisor in respect of the period (30 September 2017: £640,000, 31 March 2018: £1,387,000). At 30 September 2018, £141,000 was due to the Investment Advisor (30 September 2017: £Nil, 31 March 2018, £125,000).

On 27 January 2017, 50,000 redeemable preference shares of £1.00 were issued to a former Director of the Company at par. These shares were subsequently redeemed at par and cancelled on 22 February 2017.

20. Consolidated entities

The Company owns 100% of the equity shares of all subsidiaries listed below and has the power to appoint and remove the majority of the Board of Directors of those subsidiaries. The relevant activities of the below subsidiaries are determined by the respective Directors based on simple majority votes. Therefore, the Directors of the Group have concluded that the Group has control over all these entities and all these entities have been consolidated within this set of condensed financial statements.

Name of Entity	Principal activity	Country of Incorporation	Ownership
LXi Property Holdings 1 Limited	Property Investment	UK	100%
LXi Property Holdings 2 Limited	Property Investment	UK	100%
LXi Property Holdings 3 Limited	Property Investment	UK	100%
Alco 1 Limited	Property Investment	UK	100%
FPI Co 219 Limited	Property Investment	UK	100%
FPI Co 222 Limited	Property Investment	UK	100%
FPI Co 223 Limited	Property Investment	UK	100%

The registered office for all subsidiaries is Mermaid House, 2 Puddle Dock, London, England, EC4V 3DB.

The Company also owns 100% of the equity shares of a number of other subsidiaries which hold no assets, carry on no activity and are in the process of being wound up.

21. Financial risk management

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk in the current and future periods. The Board of Directors oversees the management of these risks. The policies of the Directors for managing each of these risks are summarised below.

- **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has reduced the interest rate risk on its external borrowing by fixing the rate of interest payable.

- **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group will be exposed to credit risk on both its leasing activities and financing activities, including deposits with banks and financial institutions.

Credit risk related to financial instruments and cash deposits

One of the principal credit risks of the Group arises with the banks and financial institutions. The Board of Directors believes that the credit risk on short term deposits and current account cash balances is limited because of low counterparty risk, the counterparties being banks with high credit ratings.

All financial assets are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of financial assets disclosed below.

- **Liquidity risk**

The Group manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Group to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of customers to settle obligations within normal terms of credit. The Group ensures, through forecasting of capital requirements, that adequate cash is available.

The following table details the Group's liquidity analysis in respect of its financial assets and liabilities:

	< 3 months £000	3-12 months £000	1-5 years £000	> 5 years £000	Total £000
At 30 September 2018 (unaudited)					
Financial assets					
Trade and other receivables (Note 10)	3,110	-	-	-	3,110
Total cash at bank (Note 11)	11,818	-	-	-	11,818
	14,928	**-**	**-**	**-**	**14,928**
Financial liabilities					
Bank borrowings (Note 13)	93,321	-	-	-	93,321
Interest payable on bank borrowings	689	2,066	11,020	16,070	29,845
Trade and other payables (Note 12)	4,843	-	-	-	4,843
	98,853	**2,066**	**11,020**	**16,070**	**128,009**
At 30 September 2017 (unaudited)					
Financial assets					
Trade and other receivables (Note 10)	886	-	-	-	886
Total cash at bank (Note 11)	43,075	-	-	-	43,075
	43,961	**-**	**-**	**-**	**43,961**
Financial liabilities					
Bank borrowings (Note 13)	-	-	-	45,000	45,000
Interest payable on bank borrowings	403	1,209	6,446	11,024	19,082
Trade and other payables (Note 12)	3,032	-	-	-	3,032
	3,435	**1,209**	**6,446**	**56,024**	**67,114**
At 31 March 2018 (audited)					
Financial assets					
Trade and other receivables (Note 10)	2,125	-	-	-	2,125
Total cash at bank (Note 10)	48,663	-	-	-	48,663
	50,788	**-**	**-**	**-**	**50,788**
Financial liabilities					
Bank borrowings (Note 13)	-	-	-	95,000	95,000
Interest payable on bank borrowings	694	2,060	13,776	14,508	31,038
Trade and other payables (Note 12)	3,259	-	-	-	3,259
	3,953	**2,060**	**13,776**	**109,508**	**129,297**

- **Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group considers proceeds from share issuance, bank borrowings and retained earnings as capital. The Group's policy on borrowing is as set out below:

- The level of borrowing will be on a prudent basis for the asset class and will seek to achieve a low cost of funds, whilst maintaining flexibility in the underlying security requirements and structure of the Group.
- The Board intends to maintain a conservative level of aggregate borrowings with a medium term maximum target of 35% of the Group's gross assets.

22. Capital commitments

At 30 September 2018 the Group had capital commitments of £10.39 million (30 September 2017: £15.31 million, 31 March 2018: £21.65 million) in relation to the cost to complete its forward funded pre-let development assets. All commitments fall due for settlement within one year from the date of this report.

23. Contingent liabilities

At 30 September 2018 the Group had no contingent liabilities relating to acquisitions where contracts had been exchanged but substantial conditions to completion remained outstanding (30 September 2017: £47.90 million, 31 March 2018: £17.33 million). All contingent liabilities are expected to fall due for settlement within one year from the date of this report.

24. Earnings per share

Earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current or comparative periods.

	Six months ended 30 September 2018 (unaudited) £000	Period from 21 December 2016 to 30 September 2017 (unaudited)[1] £000	Period from 21 December 2016 to 31 March 2018 (audited)[2] £000
Earnings	**17,136**	**9,684**	**20,966**
Weighted average number of ordinary shares	196,881,707	104,585,387	138,615,909
Earnings per share ("EPS") (pence)	**8.70**	**9.26**	**15.12**
Adjustments to remove:			
Change in fair value of investment property (Note 8)	(8,721)	(8,501)	(15,056)
Gain on disposal of investment property (Note 8)	(2,910)	-	(91)
EPRA earnings	**5,505**	**1,183**	**5,819**
Weighted average number of ordinary shares	196,881,707	104,585,387	138,615,909
EPRA EPS (pence)	**2.80**	**1.13**	**4.20**
Adjustments to include:			
Licence fees receivable (Note 8)	740	373	1,188
Adjusted earnings before realised gain on disposal of investment property	**6,245**	**1,556**	**7,007**
Weighted average number of ordinary shares	196,881,707	104,585,387	138,615,909
Adjusted EPS (pence)	**3.17**	**1.49**	**5.05**

Adjusted EPS is a performance measure used by the Board to assess the Company's dividend payments. The metric adjusts EPRA earnings to include licence fees receivable from developers.
The Group's accounting policy for licence fees receivable is to recognise them as a discount to the cost of the investment property, however the Board considers these returns an important component of the Group's performance and key to underpinning the Company's dividend targets and payment.

1 Reported Adjusted EPS for the period ended 30 September 2017 did not include licence fees that were accrued but not received. The Board considers that a more appropriate basis to recognise the licence fee, in line with the Company's peer group, is over the period of development to which it relates and therefore the comparative has been updated to reflect this.

2 Reported Adjusted EPS for the period ended 31 March 2018 included realised gains on disposal of investment property in the period. The Board considers that as this capital is reinvested and not distributed it is not appropriate to consider when assessing the Company's dividend payment and therefore the comparative has been updated to reflect this.

25. Net asset value per share

Net asset value per share is calculated by dividing the consolidated net assets attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding at the reporting date. Amounts shown below are both basic and diluted measures as there were no dilutive instruments in issue throughout the current or comparative periods.

	At 30 September 2018 (unaudited) £000	At 30 September 2017 (unaudited) £000	At 31 March 2018 (audited) £000
Net asset value ("NAV")	**222,471**	**145,071**	**211,981**
Number of ordinary shares	196,881,707	138,150,000	196,881,707
NAV per share (pence)	**113.00**	**105.01**	**107.67**
Adjustments to calculate EPRA NAV	-	-	-
EPRA NAV	**222,471**	**145,071**	**211,981**
Number of ordinary shares	196,881,707	138,150,000	196,881,707
EPRA NAV per share (pence)	**113.00**	**105.01**	**107.67**

26. Post balance sheet events

On 11 October 2018 the Company closed an equity raise raising gross proceeds of £175.25 million subject to issue costs of £3.51 million and subsequently on 16 October 2018 issued 155,443,165 new ordinary shares.
On 24 October 2018 the Company announced the following acquisitions:

- Forward funding the pre-let development of a Travelodge budget hotel at Edinburgh Park, Edinburgh for £6.6 million, reflecting a 5.4% NIY on an unbroken 25 year lease from completion of the building works, with five yearly CPI linked rent reviews
- Forward funding the pre-let development of a Lidl and B&M discount foodstore to be built at Cowdenbeath, East Fife, for £8.5 million, reflecting a 6.0% NIY on a 25 year lease from completion of the building works, with five yearly CPI linked rent reviews
- Jurys Inn hotel in Plymouth for £30 million, reflecting a 5.7% NIY with an unbroken 24 year unexpired lease term, with five yearly uncapped RPI linked rent reviews
- BCA car storage facility in Corby, Northamptonshire for £60 million, reflecting a 5.25% NIY, rising to 6% at the next rent review in three years' time, with an unbroken 18 year unexpired lease term, with five yearly uncapped RPI linked rent reviews
- The Range discount store in Carlisle for £4.3 million, reflecting a 6% NIY with an unbroken 20 year unexpired lease term with fixed five yearly rental uplifts of 2% p.a.

On 13 November 2018 the Company announced the following acquisitions:

- A portfolio of five geographically diversified Travelodge budget hotels for a combined total consideration of £45 million, reflecting a 5.8% NIY with a WAULT to first break of 24 years, each benefiting from five yearly uncapped RPI linked rent reviews
- An industrial facility in Newbury fully let to Snell Advanced Media Limited, and guaranteed by its parent Belden Inc., for £17.2 million, reflecting a 5.5% NIY with a 17 year unexpired lease term, with five yearly RPI linked rent reviews

On 13 November 2018 the Group announced that it had agreed a new 15 year debt facility with Scottish Widows of £75 million at a 1.55% margin p.a. to gear the net equity proceeds and enhance investor returns.

The Investment Advisor is under offer/in solicitors' hands on a number of additional assets to ensure deployment of the debt proceeds in short order from the date of drawdown.

27. Controlling parties

At 30 September 2018 there was no ultimate controlling party of the Group.