

Acquisition

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LXI REIT PLC
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LXi REIT plc

(the "Company" or "LXi REIT")

£10M FORWARD FUNDED INVESTMENT IN A NEW DISCOUNT RETAIL PARK DEVELOPMENT IN BRADFORD, YORKSHIRE, PRE-LET TO ALDI AND HOME BARGAINS

The Board of LXi REIT plc (ticker: LXI) is pleased to announce that it has exchanged contracts to provide forward funding for the development of a new discount retail park in Bradford, Yorkshire, pre-let to Aldi and T. J. Morris Limited (trading as Home Bargains). The development represents an investment of £10 million, reflecting a blended net initial yield of 6.15% on the asset acquisition (net of acquisition costs to the Company).

Anchoring the scheme will be a new 20,000 sq ft food store, which has been pre-let to Aldi Stores Limited, the principal UK trading company of the Aldi group, a leading global discount food retailer with 10,000 stores across 18 countries. The property will benefit from a new 20 year lease (with no tenant break right), subject to five yearly upward only RPI inflation-linked rent reviews (collared and capped at 1% p.a. and 3% p.a. compound).

In addition, a 16,000 sq ft unit has been pre-let to T. J. Morris Limited (trading as Home Bargains), a leading discount retailer of both food and non-food products, with over 400 stores throughout the UK. This has been pre-let on a new 15 year lease (with no tenant break right), subject to five yearly upward only open-market rent reviews.

A further 5,000 sq ft unit has been pre-let to Heron Foods Limited, a leading discount food retailer, with 240 stores throughout the Midlands and North of England. The unit has been pre-let on a new 10 year lease (with no tenant break right), subject to five yearly upward only open-market rent reviews.

The property includes an additional 5,000 sq ft retail unit which the developer has commenced marketing of. Until let, the developer is providing a fully cash-backed rental guarantee for a five-year term, covering rent at the target level, along with outgoings, service charge and business rates. The developer is obliged to let this unit on an index-linked lease.

The new development is well situated on a prominent 6.4 acre site that includes parking for 210 cars. The site is strategically located 2.5 miles west of Bradford City centre, eight miles north west of Leeds and 13 miles south west of Harrogate and is well served by the national motorway network with the M62 at Bradford and the M1 at Leeds. The site has a large catchment population of over 400,000 within a 15 minute drive.

The Aldi and Home Bargains pre-lets have exchanged and the Company is acquiring the land and forward funding on a fixed-price basis, with completion of the purchase subject to receipt of planning consent, which is expected next month, and exchange of the Heron Foods Limited lease. The developer will pay the Company a licence fee during the construction period.

The Company is not developing the site or assuming development risk. The acquisition is being funded from equity resources, with senior debt finance expected to be introduced in the near term.

John White, Partner of LXi REIT Advisors Limited, commented:

"We are delighted to provide the forward funding for this new discount retail development anchored by Aldi and Home Bargains. Aldi and Home Bargains are very strong tenants and successful companies in the fast growing discount retail sector. The 6.15% net initial yield is above the Company's target average yield and the property will benefit from a strong residual value given the dense catchment population and low starting rents.

We are also in advanced discussions on a number of similar discount retail projects as well as additional pre-let forward fundings and built assets in other sectors, which are expected to come to fruition shortly."

For further information, please contact:

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NOTES:

The Company intends to become a real estate investment trust ("REIT") and invest 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 and will look to invest across a diverse range of target sectors. LXi REIT may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. LXi REIT will not undertake any direct development activity nor assume direct development risk.

LXi REIT is targeting a minimum annual dividend of 5 pence per ordinary share, starting from the financial period commencing 1 April 2018, with the potential to grow the dividend in absolute terms through upward-only inflation-protected long-term lease agreements, and is targeting a net total shareholder return of 8 per cent. plus per annum over the medium term.

The Investment Advisor, on behalf of LXi REIT, has already identified a substantial pipeline which should allow initial capital raised at the Company's IPO to be substantially invested or committed within six months following admission.

Further information on LXi REIT is available at www.lxireit.com

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