

Acquisition

Released : 18 October 2017 07:00

RNS Number : 8737T
LXI REIT PLC
18 October 2017

18 October 2017

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

£5.5 MILLION FORWARD FUNDED INVESTMENT IN A NEW FOOD STORE DEVELOPMENT IN CHARD, SOMERSET, PRE-LET TO LIDL UK

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 food store in Chard, Somerset, pre-let to Lidl UK GmbH ("**Lidl UK**" and the "**Property**"). The development represents an investment of £5.5 million, reflecting a net initial yield of 5.75% (net of acquisition costs to the Company).

The Property will comprise a 23,500 sq ft Lidl food store and 114 car parking spaces. Lidl UK, the tenant, is the principal UK trading company of the Schwarz Gruppe GmbH, a top four global retail group that owns and operates the Lidl and Kaufland brands, operating over 10,000 stores across 26 countries. Lidl UK has now overtaken Waitrose's UK market share. The Property will benefit from a new 25-year lease from completion of the building works with a tenant break right in year 15. The rent is subject to five yearly upward only reviews index-linked to the Retail Prices Index.

The Property is well located on a prominent site in Chard, Somerset, close to the Devon border and approximately 15 miles south west of Yeovil. The site is well served by the national motorway network and has a large catchment population within a 10-minute drive.

The pre-let agreement with Lidl has 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. 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 following the Company's second issue of shares on 12 October, with senior debt finance expected to be introduced in the near term.

The Company is in solicitors' hands on additional acquisitions which will absorb the balance of the Company's equity in short order.

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

"We are delighted to provide the forward funding for this new discount food store. Lidl is a very strong tenant in the UK's fast-growing discount food sector and the acquisition reflects an attractive yield with a very low capital price of £230 per sq ft."

The Company's LEI is: 2138008YZGXOKAXQVI45

FOR FURTHER INFORMATION, PLEASE CONTACT:

LXi REIT Advisors Limited John White (Partner, Fund Manager) Simon Lee (Partner, Fund Manager)	Via Newgate Communications
Peel Hunt LLP Luke Simpson	Tel: 020 7418 8900
Newgate Communications (PR Adviser) James Benjamin Anna Geffert Lydia Thompson	Tel: 020 7680 6550 Email: lxireit@newgatecomms.com

NOTES:

The Company invests in UK commercial property assets let, or pre-let, on very long (typically 20 to 30 years to expiry or first break), inflation-linked leases to a wide range of strong tenant covenants across a diverse range of property sectors.

The Company may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. The Company will not undertake any direct development activity nor assume direct development risk.

The Company is targeting a minimum annual dividend of 5 pence per ordinary share, starting from the financial period commencing 1 April 2018, with the potential to grow the dividend in absolute terms through upward-only inflation-protected long-term lease agreements, and is targeting a net total shareholder return of 8 per cent. plus per annum over the medium term¹.

The Company, a real estate investment trust ("**REIT**") incorporated in England and Wales, is listed on the premium listing segment of the Official List of the UK Listing Authority and was admitted to trading on the main market for listed securities of the London Stock Exchange in February 2017.

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

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

END

ACQFFSFMWFSEDS