

Loan facility agreement

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LXI REIT PLC
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LXi REIT plc

(the "Company" or "LXi REIT")

NEW FIXED RATE 12-YEAR TERM LOAN FACILITY OF £55 MILLION SIGNED WITH SCOTTISH WIDOWS

The Board of LXi REIT plc (ticker: LXI) is pleased to announce that the Company has signed a 12-year, fixed rate, interest only loan facility of £55 million with Scottish Widows, acting in partnership with Lloyds Bank Commercial Real Estate (the "Facility").

The Facility is repayable on 3 July 2029 and has a fixed all-in rate payable of 2.93% per annum, for the duration of the 12-year loan term.

This fixed interest rate is just under 300 basis points lower than the Company's average net initial property yield of 5.9%.

The Facility is secured against both the built and forward funded assets acquired by the Company utilising the equity raised on Admission in February 2017.

The full drawing of the Facility reflects a loan-to-value ratio of 30 per cent. As set out in the Company's investment policy, the Company will maintain a conservative level of aggregate borrowings with a medium-term target of 30 per cent. of the Company's gross assets and a maximum level of aggregate borrowings of 35 per cent. of the Company's gross assets.

The Facility provides the debt resource needed to support the Company's acquisition of additional assets, comprising both forward funded and built properties. The Company has deployed 85% of its net equity and is in solicitors' hands on additional acquisitions which will fully absorb both the balance of its equity and also the debt finance under the Facility.

The Company's IPO prospectus, published on 6 February 2017, contains details of a Placing Programme that allows the Company to issue up to 200 million ordinary shares in the period to 5 February 2018. The Board is considering, subject to prevailing market conditions, utilising this Placing Programme in the second half of the Company's current financial year and further details will be published in due course.

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

"We are delighted to have entered into this 12-year loan facility with Scottish Widows, which provides the Company with a long-dated senior financing package at a very low fixed rate and offers the Company substantial operational flexibility.

The rate is highly accretive to the Company's anticipated future dividend and mitigates potential interest rate and refinancing risks for the 12-year period. Scottish Widows' involvement, and their stated appetite to grow further with the Company, is very encouraging."

For further information, please contact:

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NOTES:

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

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

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

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

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