



RNS

Acquisition

## Accretive £58.9M acquisition let to Sainsbury's

### LXI REIT PLC

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#### LXi REIT plc

(the "Company", the "Group" or "LXi REIT")

#### ACCRETIVE £58.9 MILLION ACQUISITION

#### CONSIDERATION PREDOMINANTLY IN THE FORM OF THE ISSUE OF NEW SHARES

The Board of LXI REIT (ticker: LXI), the specialist inflation-protected long income REIT, is pleased to announce the acquisition of a long-let property (the "Property") which has been independently valued by Knight Frank LLP at £58.9 million (the "Independent Value").

The consideration for the acquisition is being satisfied by:

- the issue of 35,715,862 new ordinary shares in the Company (the "Shares"), equating to 88% of the Independent Value, at an issue price of 145 pence per share (a 9.4% premium to the Company's ex-dividend EPRA NTA as at 30 September 2021 of 132.5p); and
- a further £7.0 million in cash, equating to 12% of the Independent Value.

The consideration represents a net initial yield of 4.9% and is expected to rise to 5.7% at the next inflation-linked rent review in 2025.

The seller, an existing long-term shareholder of the Company (Laxmi Nivaria S.L.U.), has agreed to be subject to a lock-up period restricting the disposal of the Shares for a minimum period of 12-months from the date of Admission (defined below).

#### The Property

The Property comprises 127,000 sq ft of built area, along with 850 car parking spaces and petrol filling station, on a substantial freehold site that extends to 16 acres. The Property is fully let to Sainsbury's Supermarkets Limited (the principal trading company of the Sainsbury's group) with 19 years unexpired to first break. The rent increases five yearly in line with RPI inflation, collared at 1% pa and capped at 4% pa.

The Property includes offerings from Argos (part of the Sainsbury's group), along with The Food Warehouse (part of the Iceland Foods group), B&M, KFC and Costa, who have sub-let the space from Sainsbury's. The Property has online connectivity through both click and collect and home delivery.

Given its size, location and nature, the Property provides good opportunities for asset management and ESG initiatives that have the potential to enhance income and capital returns through, for example, adding further drive-thru units, EV charging points and solar panelling.

The Property is located in a prominent position to the east of Middlesbrough town centre, directly adjacent to the busy A66 and accessed by an all movements junction. Middlesbrough Football Club's Riverside Stadium is situated to the north and Middlehaven, one of the north east's largest residential and office led regeneration schemes, is to the north west.

#### Simon Lee, Fund Manager, LXI REIT Advisers comments:

*"We are pleased to acquire this well-let asset underpinned by a long, inflation-linked lease to a FTSE 100 company, with good asset management opportunities to enhance income and capital returns. The consideration predominantly takes the form of the issue of new shares in the Company at a material premium to NAV, which further enhances the accretive nature of the transaction."*

Applications have been made to the FCA for admission of 35,715,862 New Ordinary Shares to the premium listing segment of the Official List maintained by the FCA and to the LSE for admission to trading on the London Stock Exchange's main market for listed securities (together "Admission"). It is expected that Admission will become effective on or around 7 January 2022.

Immediately following Admission, the Company will have 735,513,403 Ordinary Shares in issue and therefore the total voting rights in the Company will be 735,513,403. This figure may be used by Shareholders as the denominator for the calculations by which they may determine whether or not they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

**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 long-term, triple-net, inflation-linked leases to a wide range of strong tenant covenants across a diverse range of robust property sectors.

The Company aims to provide shareholders with an attractive return, in the form of quarterly income distributions and with the potential for capital and income growth from key strategies which include indexed rental uplifts, pre-let forward fundings, sale and leasebacks, and off-market, value driven acquisitions and sales.

The Company is targeting an annual dividend of 6.0 pence per ordinary share for the 12-months commencing 1 April 2021<sup>1</sup> and its medium-term total return target is a minimum of 8% pa.

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 250, FTSE EPRA/NAREIT and MSCI indices.

Further information on the Company is available at [www.lxireit.com](http://www.lxireit.com)

<sup>1</sup> These are guidance levels or targets only and not a profit forecast and there can be no assurance that they will be met.

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