

RNS Miscellaneous



£150M LOAN FACILITY-£60M EXTENSION-WIDER REFI HOT

[LXI REIT PLC](#)

Released 07:00:02 06 March 2023

RNS Number : 9115R
LXI REIT PLC
06 March 2023



6 March 2023

LXi REIT plc

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

£150 MILLION LONG-TERM LOAN FACILITY AND £60 MILLION EXTENSION SIGNED

TERM SHEET SIGNED ON WIDER REFINANCING

The Board of LXI REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce that it has completed the first stage of its ongoing refinancing with a new, £150 million 16-year, interest-only term loan signed with a leading insurance company ("**New Facility**"), a new lender to the Group, and an extension to its existing HSBC Facility.

£150 million 16-year Term Loan

The New Facility carries an attractive margin of 1.75 per cent. per annum. Upon drawing of the loan, the all-in rate will be fixed to maturity at the margin plus the prevailing UK Treasury 2039 Gilt rate on the date of drawdown.

Drawing the New Facility is conditional on finalising market-standard property due diligence and the redemption of certain of the Company's existing financing arrangements with shorter-term maturities and release of the associated security. This is expected to take place in the coming weeks.

The New Facility will be secured against a ring-fenced pool of assets, without recourse to the wider Group, and it provides the Company with substantial covenant headroom together with appropriate remedial cure rights ahead of any potential breach trigger. The LTV default covenant has been set at 60%, requiring a 33% fall in the value of the

secured assets to trigger a breach from the day one valuation. The interest cover ratio default covenant has been set at 170%, requiring a 32% fall in the net rental income of the secured assets to trigger a breach.

Extension to HSBC Facility

The Company has also agreed a short-term extension of the term of its existing £60 million loan with HSBC ("**HSBC Facility**") which now matures in December 2024, with a further six-month extension option subject to lender consent.

The shorter-term nature of the HSBC Facility provides the Company with additional optionality on potential asset management and debt capital markets initiatives.

Following the extension, the HSBC Facility now carries a margin of 2.05 per cent. per annum above SONIA and benefits from an existing interest rate cap until July 2023 at 1.84 per cent. The Company expects to acquire an additional cap to hedge the cost of the HSBC Facility to expiry, using a small part of the £24 million cash realised on the disposal of the cap instrument used to hedge the Merlin A facility that was redeemed in October 2022.

The Company has also agreed an increase in the LTV default covenant to 55% (from 50%), now requiring a 40% fall to breach. The interest cover ratio default covenant remains at 150% and the Company expects to continue to cap the interest rate risk at a level continuing to provide significant headroom.

Term sheet signed on wider refinancing

These two facilities represent the first step of the Company's wider refinancing strategy to replace all of its near-term debt maturities. The second step is at an advanced stage of negotiations with agreed heads of terms, with a club comprising a number of the Company's existing lenders.

A further announcement, which will include additional details about the Company's new weighted average cost and term of debt following the refinancing process, will be made upon signing of that facility.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Company's LEI is: 2138008YZGXOKAXQVI45

NOTES

LXI REIT plc invests in commercial property assets predominantly in the UK, let, or pre-let, on 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 a dividend of 6.3 pence per ordinary share for the year which commenced on 1 April 2022*.

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 Financial Conduct 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, EPRA/NAREIT, MSCI and STOXX Europe 600 indices.

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

* This is a target and not profit forecast.

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