

Acquisition

Released : 21 July 2017 07:00

RNS Number : 6834L
LXI REIT PLC
21 July 2017

21 July 2017

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

£5.0 MILLION ACQUISITION OF TRAVELODGE HOTEL AND BURGER KING AND LITTLE CHEF RESTAURANTS AT NEEDHAM MARKET, SUFFOLK

The Board of LXI REIT plc (ticker: LXI) is pleased to announce that the Company has exchanged contracts to acquire the Travelodge hotel and Burger King and Little Chef restaurants at Needham Market service station, Ipswich, Suffolk (the "Property"). The purchase price for the Property is £5.0 million, reflecting a net initial yield of 6.12% on the asset acquisition (net of acquisition costs).

The hotel and both restaurants are fully let to Travelodge Hotels Limited, the principal trading company of the Travelodge group, the UK's largest independent hotel brand, with more than 520 hotels and over 38,000 guest bedrooms, across the UK, Ireland and Spain.

The lease has an unexpired term of over 20 years (expiring in October 2037), without a break, and is subject to five yearly upward only rent reviews index-linked to the Retail Prices Index, with a high collar and cap of 3% p.a. and 7.5% p.a. compound. The next rent review is due in January 2020.

The Property comprises a purpose-built 40 bedroom hotel, a standalone 4,045 sq ft restaurant unit and parking for 81 cars and forms part of a roadside service station which includes a separately owned Shell petrol filling station. The Property is strategically located at the busy junction of the A14 and A140, approximately seven miles north west of Ipswich in Suffolk.

The acquisition is being funded from equity resources, with senior debt finance to be introduced in the near term. Completion is due to occur in the next few weeks.

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

"This acquisition provides the Company with additional long-term, secure and RPI-linked income with an unusually attractive rent review collar of 3% pa and cap of 7.5% pa, offering significant rental growth in both high and low inflationary environments. The net initial yield of 6.12% is accretive to our portfolio running yield and will rise to at least 7.10% at the January 2020 rent review on the basis of just the minimum 3% pa rental uplift."

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 Lydia Thompson James Ash	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 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.

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

ACQSEEFISFWSEIW