

Acquisition

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LXI REIT PLC
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LXI REIT plc

(the "Company" or "LXI REIT")

FORWARD FUNDED PRE-LET INVESTMENT IN A NEW TRAVELODGE HOTEL, STARBUCKS COFFEE SHOP AND GREGGS BAKERY DEVELOPMENT AT MELKSHAM, NEAR BATH

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 Travelodge hotel, drive-through Starbucks coffee shop and Greggs retail unit (the "Property") in Melksham, near Bath. The development represents an investment of £6.2 million, reflecting a net initial yield of 5.91% on the asset acquisition (net of acquisition costs to the Company).

Upon practical completion, which is targeted for February 2018, the new development will comprise of:

- a 60 bedroom hotel pre-let to Travelodge Hotels Limited, the principal trading company of the Travelodge group, the UK's largest independent hotel chain with more than 520 hotels and over 38,000 guest bedrooms. This will account for 75% of the total rental income on a new 25 year lease (with no tenant break right), subject to five yearly upward only, index-linked rent reviews (capped at 4% p.a. compound);
- a 1,800 sq ft drive-through coffee shop pre-let to Starbucks Coffee Company (UK) Limited, the principal UK trading company of the Starbucks Corporation. With stores around the globe, the company is the premier roaster and retailer of specialty coffee in the world. This will account for 20% of the total rental income on a new 15 year lease (with no tenant break right), subject to five yearly upward only, index-linked rent reviews (collared and capped at 1% p.a. and 3% pa compound); and
- a 1,500 sq ft ground floor unit pre-let to Greggs plc, the largest bakery chain in the UK, for use as a Greggs retail unit. This will account for 5% of the total rental income on a new 10 year lease (with a 5 year break right), with upward only open market rent reviews.

The new development is situated in Melksham, a historic and attractive market town in Wiltshire located 10 miles from Bath, 20 miles from Bristol and is within close proximity to the Cotswolds and the North Wessex Downs.

Full planning consent has been granted, the tenant pre-lets have exchanged and the Company is acquiring the land and forward funding on a fixed-price basis. The developer will pay the Company a licence fee during the 10.5 month construction period.

The Company is not developing the site or assuming development risk. The acquisition is being funded from equity resources, with senior debt finance expected to be introduced in the near term. Completion of the purchase is expected to occur in the next few weeks.

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

"We are delighted to provide the forward funding for this attractive hotel and leisure development asset, pre-let to tenants with very strong covenants, with a compelling initial yield and a long, index-linked income profile. The development is situated in a popular tourist destination and is expected to provide an attractive yield on cost.

We are also at an advanced stage on a number of forward funded pre-let and standing assets, leased to institutional grade tenants, which meet the Company's investment criteria."

For further information, please contact:

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NOTES:

The Company intends to become a real estate investment trust ("REIT") and invest 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 and will look to invest across a diverse range of target sectors. LXI REIT may invest in fixed-price forward funded developments, provided they are pre-let to an acceptable tenant and full planning permission is in place. LXI REIT will not undertake any direct development activity nor assume direct development risk.

LXI REIT 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 Investment Advisor, on behalf of LXI REIT, has already identified a substantial pipeline which should allow initial capital raised at the Company's IPO to be substantially invested or committed within six months following admission.

Further information on LXI REIT is available at www.lxireit.com

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