

Acquisition

Released : 22 March 2017 07:00

RNS Number : 1426A
LXI REIT PLC
22 March 2017

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LXI REIT plc

(the "Company" or "LXI REIT")

ACQUISITION OF TRAVELODGE HOTEL, HAVERHILL, ESSEX AND COMPLETION OF PRE-LET FORWARD FUNDED PURCHASE OF MELKSHAM DEVELOPMENT, NEAR BATH

The Board of LXI REIT plc (ticker: LXI) is pleased to announce that:

- (1) the Company has exchanged contracts to acquire the Travelodge hotel at Haverhill, Essex (the "**Haverhill Property**"); and
- (2) the Company has now completed on the pre-let forward funded purchase of the Travelodge, Starbucks and Greggs bakery development at Melksham, near Bath, the exchange of which was announced on 10 March 2017.

Both acquisitions are being funded from equity resources, with senior debt finance expected to be introduced in the near term.

Haverhill Property

The purchase price for the Haverhill Property is £5.5 million (excluding purchaser's costs), reflecting a net initial yield of 5.92% on the asset acquisition.

The hotel is 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 Travelodge lease has an unexpired term of over 24 years (expiring in July 2041), without a break, and is subject to five yearly upward only rent reviews index-linked to the Retail Price Index (collared and capped at 1% p.a. and 4% p.a. compound).

Purpose-built in 2007, the Haverhill Property comprises an 80 bedroom hotel, arranged over three floors, with a large 100 cover restaurant and meeting rooms, along with an 82 space car park.

It is located on Phoenix Road in Haverhill, a market town on the borders of Essex and Suffolk, which is a well-positioned, fast-growing commuter town and business overspill area for Cambridge.

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

"The Haverhill Property benefits from being the only branded budget hotel within a 12 miles radius, in a good South East location and has an unexpired lease term certain of over 24 years. The net entry yield of 5.92% provides an attractive and growing income stream for the Company with rental uplifts index-linked to RPI.

This is our fourth acquisition since the Company's recent Admission on 27 February 2017. The Company has now committed £42 million of its IPO proceeds at a blended net initial yield of 5.5%. All acquisitions have been on an off-market basis and benefit from a long weighted average unexpired lease term to first break of 24.5 years, across a range of sectors and strong tenants, which include GE Oil & Gas, Q-Park, Starbucks and Travelodge. We are also in advanced discussions on a number of additional forward funding and built assets which meet the Company's investment criteria and which would further diversify our portfolio."

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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