

## Acquisitions

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LXI REIT PLC  
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### LXI REIT plc

(the "Company" or "LXI REIT")

#### FIVE ACQUISITIONS WITH A COMBINED PURCHASE PRICE OF £109 MILLION

Following the successful closing of its capital raise announced on 12 October, the Board of LXI REIT plc (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce the following five property acquisitions, from separate vendors/developers, with a combined total consideration of approximately £109 million (excluding costs).

The Company is in solicitors' hands on further acquisitions which will fully deploy the balance of the £175 million capital raised in the next few weeks. Further acquisition announcements will be made shortly.

#### Forward funding of Travelodge hotel, Edinburgh

The Company has exchanged contracts to provide forward funding for the pre-let development of a 70-bedroom Travelodge hotel at Edinburgh Park, Edinburgh. The development represents a total investment by the Company of £6.6 million, reflecting a 5.4% net initial yield (net of acquisition costs to the Company).

The property has been fully pre-let to Travelodge Hotels Limited, the principal trading company of the Travelodge hotel group, on an unbroken 25-year lease from completion of the building works, with five yearly rent reviews index-linked to the Consumer Prices Index (capped at 4% pa and collared at 1% pa compound).

Founded in 1985, Travelodge is one of the UK's leading hotel brands, operating over 550 hotels and over 41,000 rooms in the UK, Spain and Ireland.

The well-located property is within the South Gyle Business District, which is two miles south east of Edinburgh International Airport and five miles west of Edinburgh city centre. The immediate area is one of the UK's premier business locations housing a wide range of corporate occupiers, including Aegon, BT, Diageo, JP Morgan, Scottish & Newcastle and Tesco Bank.

Planning consent has been granted, the agreement for lease has exchanged and the Company is forward funding the project on a fixed price basis. The Company will receive an income from the developer during the construction period. The Company is not developing the site or assuming development risk. The building works are due to complete in Q3 2019.

#### Forward funding of Lidl foodstore and B&M, East Fife

The Company has exchanged contracts to provide forward funding for the pre-let development of a 19,310 sq ft Lidl foodstore and 20,000 sq ft B&M discount store to be built at Cowdenbeath, East Fife, for £8.5 million, reflecting a 6.0% net initial yield (net of acquisition costs to the Company).

The Lidl property has been fully pre-let to Lidl UK GmbH, the principal UK trading company of the Schwarz Gruppe GmbH (a top four global retail group that owns and operates the Lidl and Kaufland brands, operating over 10,000 stores across 26 countries), on a 25-year lease from completion of the building works (with a tenant break right at year 15), with five yearly rent reviews index-linked to the Consumer Prices Index (capped at 3% pa and collared at 1% pa compound).

The B&M property has been fully pre-let to B&M Retail Limited, the principal trading company of B&M European Value Retail SA, on an unbroken 15-year lease from completion of the building works, with five yearly upward only open market rent reviews.

B&M European Value Retail SA, a London Stock Exchange listed company with a market capitalisation of £3.9 billion, is the UK's leading general merchandise value retailer, operating over 580 stores.

The property is well located in Cowdenbeath, a town in west Fife, approximately five miles north-east of Dunfermline and 18 miles north of Edinburgh, with a catchment population of 265,189.

Planning consent has been granted, the agreements for lease have exchanged and the Company is forward funding the project on a fixed price basis. The Company will receive an income from the developer during the construction period. The Company is not developing the site or assuming development risk. The building works are due to complete in Q3 2019.

#### Jurys Inn hotel, Plymouth

The Company has completed the acquisition of a 247-bedroom Jurys Inn hotel in Plymouth for £30 million, reflecting a 5.7% net

initial yield (net of acquisition costs to the Company).

The property is fully let to Jurys Hotel Management (UK) Limited, the principal trading company of the Jurys Inn group, with an unbroken 24-year unexpired lease term, with five yearly rent reviews index-linked to the uncapped Retail Prices Index.

The hotel, which was purpose-built in 2007 and fully refurbished in 2016, trades very well and includes a bar, restaurant and 11 conference and meeting rooms. It is well-located on Exeter Street, near Plymouth's Historic Quarter and other tourist attractions such as the National Marine Aquarium and the Royal William Yard, and a short walk to the city centre and train station.

The hotel is one of the largest in Devon and draws significant custom from (i) leisure tourism, with many overseas visitors, including bus tours, using the hotel as a base from which to explore Devon and Cornwall; (ii) businesses linked to the maritime docks; and (iii) a strong relationship with the university.

The Jurys Inn portfolio comprises 36 hotels and 8,013 rooms in strategic locations in economically-strong and attractive destinations and transport hubs across the UK and Ireland. The group was acquired in December 2017 by Fattal Group, an Israeli hotel group operating 160 hotels in 17 countries, for £800 million.

#### **BCA logistics facility, Corby**

The Company has completed the acquisition of a 121-acre car storage facility in Corby, Northamptonshire, for £60 million, reflecting a 5.25% net initial yield (net of acquisition costs to the Company), rising to over 6.0% at the next five yearly rent review in three years' time.

The property is fully let to BCA Group Europe Limited, part of BCA Marketplace plc, with an unbroken 18-year unexpired lease term, with five yearly rent reviews index-linked to the uncapped Retail Prices Index.

BCA Marketplace plc, a London Stock Exchange listed company with a market capitalisation of £1.7 billion, is Europe's leading used vehicle distributor and remarketing company, operating 50 branches in 13 countries and selling over one million vehicles per annum. BCA's brands include "WeBuyAnyCar.com".

The property comprises a substantial and strategic logistics holding with a capacity for over 18,000 cars and from which BCA operate a number of long term contracts, including for BMW Finance and Vauxhall's primary vehicle storage/resale centres. It is rail terminal connected and has excellent connections to the M1 southbound, the M6 and A1(M) via the A14 dual carriageway.

Corby is an established and strategic distribution location in the heart of the East Midlands, which attracts major distribution operators given its access to 80% of the UK population within a 4.5-hour HGV drive time and a number of major occupiers include Matalan, Morrisons, Staples and Wincanton.

The property adjoins the Midlands Logistics Park, a new logistics park to the south of Corby, which has recently attracted new developments including an 845,000 sq ft regional distribution facility for Eddie Stobart and a 950,000 sq ft national distribution centre for Bosch-Siemens group.

The purchase price, equating to a low £495,000 per acre, is significantly underpinned by vacant possession value.

#### **The Range, Carlisle**

The Company has completed the acquisition of a 33,500 sq ft discount store in Carlisle for £4.3 million, reflecting a 6.0% net initial yield (net of acquisition costs to the Company).

The property is fully let to CDS Superstores (International) Limited, trading as The Range, with an unbroken 19.5-year unexpired lease term, with fixed five yearly rental uplifts of 2% pa. The rent reflects a very low £8 per sq ft.

The Range is one of the fastest growing discounters in the UK, operating 140 discount stores and stocks some 65,000 products across its home, leisure and garden departments. The property is located approximately one mile south of Carlisle city centre in a successful trading location, with nearby operators including Asda, B&M and Iceland.

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

"We are pleased to be investing just over £109 million from our £175 million capital raising announced on 12 October. These are five high quality assets, diversified across a wide range of robust sub-sectors, leased to institutional grade tenants on very long term leases with inflation linked rents.

The Company is in solicitors' hands on a range of further accretive acquisitions that meet our selective investment strategy and will deliver further value to our investors. These acquisitions will result in the full deployment of the recent capital raise in the next few weeks."

#### **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 very long (typically 20 to 30 years to 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 an annual dividend of 5.50 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 a minimum 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. The Company is a constituent of the FTSE EPRA/NAREIT index.

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

\* These are targets only and not a profit forecast and there can be no assurance that they will be met.

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