

Acquisition

Released : 11 April 2017 07:00

RNS Number : 1277C
LXI REIT PLC
11 April 2017

11 April 2017

LXI REIT plc

(the "Company" or "LXI REIT")

FORWARD PURCHASE OF PRE-LET PREMIER INN HOTEL AND BEEFEATER RESTAURANT, SPANISH CITY PROMENADE, WHITLEY BAY, NORTH TYNESIDE AND COMPLETION OF THE ACQUISITIONS OF THE GE OIL & GAS FACILITY AT CRAMLINGTON, NORTHUMBERLAND AND THE TRAVELDGE HOTEL AT HAVERHILL, ESSEX

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

- (1) the Company has exchanged contracts to forward purchase the new Premier Inn hotel and Beefeater restaurant currently under construction at Spanish City Promenade, Whitley Bay, North Tyneside (the "**Premier Inn Property**"); and
- (2) the Company has now completed on the acquisitions of the GE Oil & Gas facility at Cramlington, Northumberland and the Travelodge hotel at Haverhill, Essex, the exchanges of which were announced on 10 March 2017 and 22 March 2017, respectively.

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

Premier Inn hotel and Beefeater restaurant, Whitley Bay

The purchase price for the Premier Inn Property is £6.26 million (excluding purchaser's costs), reflecting a net initial yield of 5% on the asset acquisition.

The Company has paid the vendor a 10% deposit with the balance of the price to be paid on completion of the purchase. Completion of the purchase will occur following practical completion of the building works, which is scheduled for early June 2017. The Company is not assuming development risk or funding the construction works.

The hotel and restaurant have both been fully pre-let to Premier Inn Hotels Limited, the principal hotel trading company of Whitbread PLC, a FTSE 100 company with a market capitalisation of £7 billion and the UK's largest hotel, restaurant and coffee shop operator, with more than 68,000 hotel rooms across over 750 hotels.

The lease, which covers both the hotel and restaurant, will run for a term of 25 years from completion of the building works, with a one-off tenant break right at the end of year 20. The rent is subject to five yearly upward only reviews index-linked to the Consumer Price Index (collared and capped at 0% p.a. and 4% p.a. compounded).

The Premier Inn Property is being purpose-built for the tenant and will comprise of a three storey, 68 bedroom hotel and adjoining single-storey 190 cover Beefeater restaurant.

The Premier Inn Property is well located at Spanish City Promenade in Whitley Bay, a seaside town on the north-east coast in the County of Tyne and Wear, approximately eight miles east of Newcastle. It is situated at the southern end of Whitley Bay beach, overlooking the beach and promenade and immediately adjacent to the historic Spanish City Dome.

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

"We are pleased to be forward purchasing this new Premier Inn hotel and Beefeater restaurant at an attractive yield. The hotel and restaurant sectors are performing very well and the property, which represents our fifth acquisition since listing on 27 February, will provide the Company with a very long, inflation-linked income fully underpinned by the strong Premier Inn covenant. We are also at an advanced stage on the acquisition of a number of additional forward funding and built assets, across a wide range of property sectors, which meet the Company's investment objective and which should exchange shortly."

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	Tel: 020 7680 6550 Email: lxireit@newgatecomms.com

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

This information is provided by RNS
The company news service from the London Stock Exchange

END

ACQSFWFUSFWSEFL