

Acquisition

Released : 24 April 2017 07:00

RNS Number : 0542D
LXI REIT PLC
24 April 2017

24 April 2017

LXi REIT plc

(the "Company" or "LXi REIT")

ACQUISITION OF THE CAMBRIDGE BELFRY HOTEL, CAMBOURNE, CAMBRIDGE AND COMPLETION OF THE ACQUISITION OF THE Q-PARK CAR PARK, ROCKINGHAM STREET, SHEFFIELD

The Board of LXI REIT plc (ticker: LXI) is pleased to announce that the Company has acquired the Cambridge Belfry Hotel at Cambourne, Cambridge (the "Property"). The purchase price for the Property is £18.53 million, reflecting a net initial yield of 6.1% on the asset acquisition (net of acquisition costs to the Company).

The Property is fully let to Marstons Hotels Limited and guaranteed by its parent, QHotels Holdings Limited ("QHotels"). QHotels is a four star hotelier, founded in 2003, that has since grown to 26 hotels with over 3,650 bedrooms across the UK and with net assets of £360 million.

The lease has an unexpired term of over 22 years (expiring in May 2039), without a break, and is subject to five yearly upward only rent reviews index-linked to the Consumer Price Index (collared and capped at 1% p.a. and 4% p.a. compound). The next rent review is due in June 2019.

Purpose-built in 2004 and recently refurbished, the Property comprises a modern, four star hotel with 120 bedrooms, along with extensive leisure and business facilities, including a bar, restaurant, eight conference and meeting rooms, indoor swimming pool, gym, sauna, steam room and treatment rooms. The Property occupies a large 8.3 acre freehold plot, with 250 car parking spaces.

The hotel is well located in Cambourne, which is approximately eight miles directly west of Cambridge city centre. It is situated within the 750,000 sq ft Cambourne Business Park, home to numerous large corporates including Citrix, Global Graphics, Convergys, Regus and IP Access.

The hotel attracts a good mix of both leisure and business guests, visiting Cambridge itself and the surrounding areas.

The Board is pleased to announce that the Company has now also completed on the acquisition of the Q-Park car park at Rockingham Street, Sheffield, the exchange of which was announced on 10 March 2017.

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

Progress to Date

In the two months since Admission on 27 February 2017, the Company has now invested or contractually committed 50% of its net equity across six properties at a blended net initial yield of 5.65%, with a weighted average unexpired lease term to first break of over 23 years and diversified across a wide range of strong tenants, sub-sectors and locations.

The Company is also at an advanced stage on the acquisition of a number of additional pre-let forward funding and built assets, which are expected to exchange shortly.

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

"We are pleased to have acquired the Cambridge Belfry Hotel, which is our sixth acquisition since the Company's Admission on 27 February 2017. In addition to benefitting from a long, index-linked lease to a strong tenant covenant, the hotel trades strongly and is in a sought-after Cambridge location and, as a result, its vacant possession value is in excess of the purchase price.

The net initial yield of 6.1% will be accretive to our portfolio running yield and the next five yearly index-linked rent review in June 2019 presents an opportunity for further enhancement to the future dividend yield of the Company."

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 Zoe Pocock 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

ACQSEMUFFWSESL