

24 July 2017

LXi REIT plc

(the "Company" or "LXi REIT")

**£6.1 MILLION FORWARD FUNDED PRE-LET INVESTMENT IN A NEW TRAVELODGE HOTEL,
COSTA COFFEE SHOP AND KFC RESTAURANT DEVELOPMENT IN CAMBORNE,
CORNWALL**

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 Costa coffee shop and drive-through KFC restaurant (the "Property") in Camborne, Cornwall.

The development represents an investment of £6.1 million, reflecting a net initial yield of 6.15% on the asset acquisition (net of acquisition costs to the Company).

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

- a 63 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 71% of the total rental income of the Property on a new 25 year lease (with no tenant break right), subject to five yearly upward only, CPI-linked rent reviews (collared and capped at 0% p.a. and 4% p.a. compound);
- a 1,800 sq ft drive-through coffee shop pre-let to Costa Limited, a subsidiary of Whitbread PLC, a FTSE 100 company with a market capitalisation of £7.1 billion. Costa is a leading operator of coffee shops, with 2,861 outlets across 30 countries. This will account for 12% of the total rental income of the Property on a new 10 year lease (with no tenant break right), subject to five yearly upward only open market rent reviews (capped at 3% pa compound); and
- a 2,950 sq ft drive-through restaurant pre-let to a leading KFC franchisee. This will account for 17% of the total income of the Property on a new 20 year lease (with a break right at year 10), with upward only open market rent reviews.

The Property is well located directly fronting the A3047 Tolvaddon Road, 100 metres from the main A30 arterial highway. Camborne and nearby Poole and Redruth combine to form Cornwall's largest conurbation and Camborne plays an important role to the wider catchment of the peninsula in providing housing, retailing and leisure facilities.

The three tenant pre-lets have exchanged, full planning permission is in place 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 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 to be introduced in the near term.

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

"We are pleased to provide the forward funding for this attractive long-let hotel and leisure development asset with a compelling initial yield, pre-let to tenants with strong covenants, and which adds further geographic diversification to the current portfolio."

FOR FURTHER INFORMATION, PLEASE CONTACT:

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NOTES:

The Company invests 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 across a diverse range of 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 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 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.

Further information on the Company is available at www.lxireit.com