

A number of non-material amendments have been made to the 'ACCRETIVE LEASE REGEARS ON 122 TRAVELODGE HOTELS" announcement released at 7am today, Wednesday 14 December 2022 under RNS No 6138J. The changes are identified with an asterisk (*). All other details remain unchanged.

The full amended text is shown below.

14 December 2022

LXI REIT PLC

(**"LXI REIT"** or the **"Company"**)

ACCRETIVE LEASE EXTENSIONS, RENT-SMOOTHING AND GREEN LEASE PROVISIONS ON 122 TRAVELODGE HOTELS

The Board of LXI REIT (ticker: LXI), the specialist inflation-protected very long income REIT, is pleased to announce that it has exchanged contracts with Travelodge Hotels Limited on a material and accretive lease regear initiated by LXI on all of the 122 Travelodge hotels which formed part of the Secure Income REIT ("SIR") portfolio. The 12 Travelodge hotels which formed part of the LXI REIT portfolio have already been regear or were new forward fundings.

Lease extensions

In return for inserting caps and collars (4% pa and 1% pa, respectively) on the previously uncapped and uncollared RPI rent reviews and converting the reviews to CPI+0.5% pa (to future-proof them for the phasing out of the RPI by 2030), the Company has extended the unexpired lease terms on the 122 Travelodge hotels by a weighted average of nine years. This has the effect of extending the weighted average unexpired lease term to first break ("WAULT") on the hotels from 19.5 years to 28.5 years and increasing the WAULT of the total LXI REIT portfolio from 25.6 years to 27.3 years.

Following discussions with the Company's Valuer, the lease extensions are anticipated to have a material positive impact on asset values and further enhance the investment attraction of the hotels. The change in rent review profile is also designed to ensure that the rents remain affordable over time and avoid becoming potentially over-rented versus market rents. The new collars also provide uplifts in lower inflationary environments.

No rent-free periods have been granted and no rent reductions have been made. Travelodge is trading robustly, with 2022 already on track* to be its most profitable year on record. Travelodge, like Premier Inn, tends to outperform during recessionary periods as both business and leisure customers are attracted to the low cost and value offered by the budget hotel brands.

Green lease provisions

The Company has also taken the opportunity to agree "green lease" provisions within the Travelodge leases, including to effect the following principles: (i) sharing of energy, water, recycling and waste data; (ii) co-operating on the environmental, social and governance strategies of the landlord and tenant; and (iii) future proofing the leases to ensure the landlord has the necessary rights to enter the properties to make environmental performance improvements.

These measures are designed to enhance the Company's own ESG reporting as well as the energy performance of the hotels and further enhance their investment attraction.

Rent-smoothing

The Company and Travelodge have also agreed the "rent-smoothing" of these 122 hotels. This means that the individual rent levels have been reset per hotel to best reflect the trading performance of each site. The total rent across the hotels remains the same, but has been "smoothed" on a site by site basis, to ensure that each hotel has a robust stand-alone rent cover*.

The rent-smoothing is expected to further enhance the value and investment attraction of the hotels.

Simon Lee, Fund Manager of LXI REIT Advisors Limited, commented:

"We're delighted to have worked so effectively with Travelodge to execute this material and accretive lease extension and rent-smoothing exercise, whilst inserting green lease provisions. This transaction is the latest step on our plans to unlock further embedded value from the merged LXI/SIR portfolio, following the earnings and NAV enhancing Merlin "income strip" transaction which completed in October this year. Our expanded portfolio has defensive characteristics and further potential for value accretive asset management opportunities which we are also actively exploring. This will be

supported by our proactive accretive recycling of capital and wide range of refinancing options to enable us to continue to underwrite our progressive dividend policy and deliver outperformance for our shareholders."

FOR FURTHER INFORMATION, PLEASE CONTACT:

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The Company's LEI is: 2138008YZGXOKAXQVI45

NOTES

LXI REIT plc invests in commercial property assets predominantly in the UK, let, or pre-let, on 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 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 a dividend of 6.3 pence per ordinary share for the year which commenced on 1 April 2022*.

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 Financial Conduct 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 250, EPRA/NAREIT, MSCI and STOXX Europe 600 indices.

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

* This is a target and not profit forecast.