

LXB Retail Properties Plc
Acquisition of Land Interests in Truro

LXB Retail Properties Plc ('the Company'), the real estate investment company, announces that it has acquired land interests in Truro, Cornwall from Regenco Properties LLP ('Regenco') for £2m cash plus costs. The acquisition comprises an option to acquire 49 acres at Willow Green Farm, Threemilestone ('Willow Green') to the west of the city and the purchase of two parcels of land known as Higher Newham Farm ('Higher Newham') collectively amounting to 100 acres on the south side of Truro.

Willow Green occupies a key location in an area of Truro which is identified in Cornwall Council's Development Brief as having the potential for development to include a foodstore and other retail facilities associated with a district centre, a substantial number of new homes and the infrastructure associated with development on that scale. In September 2011 the LXB Retail Properties Plc group (the "Group") entered into an option agreement with the owners of 20 acres of land adjacent to the land covered by this purchase, and it is anticipated that the enlarged site at Willow Green will emerge as the preferred location for a foodstore led retail district centre. The Company is in advanced discussions with a leading foodstore group regarding an Agreement for Lease for a store in excess of 70,000 sq ft. As with the Group's site at Ayr, the proposed retail development at Willow Green also offers the potential to create incremental shareholder value through promotion of the adjacent land for residential use and these opportunities will be explored as the planning debate progresses. It is currently expected that a comprehensive planning application will be submitted in the fourth quarter of 2012.

The land at Higher Newham is currently farmed under short term tenancy arrangements and the site also contains 3 private residential dwellings. The development potential for this site is expected to take longer to crystallise, but the houses and the arable land offer good downside protection in the short term.

The aggregate acquisition price for these land interests is significantly below the threshold at which an announcement is required to be made by the Company to the market under the AIM Rules of London Stock Exchange plc. However, as the acquisition has been made from Regenco, an entity in which a number of the current and certain past members of LXB Manager LLP (‘the Investment Manager’) held an aggregate 11% (£2m) equity interest (and is therefore a small related party transaction for the Company), the Board has determined to make this announcement in the interests of full and transparent communication with all of its shareholders.

The relationship of the Investment Manager and its members was summarised in the Admission Document published by the Company at the time of its IPO in 2009¹. Under the terms of the acquisition, Regenco has used the £2m proceeds to repay the investment of the current and certain past members of the Investment Manager at par, following which the Investment Manager (and affiliated entities) will have no interest in Regenco; its sole business activity is now the provision of services to the Company. Under the terms of its contractual agreements with the Company, the Investment Manager (and its affiliates) may not undertake any similar roles for any other entity without the prior consent of the Group².

The Board has consulted fully with its advisers to ensure that appropriate and rigorous corporate governance principles have been followed throughout the whole process leading up to the acquisition. This included the Board commissioning Jones Lang LaSalle to undertake an independent valuation of the land interests to provide assurance to the Board that the acquisition price represented fair market value. In addition, Alastair Irvine, one of the members of the Board, holds a minority interest in Regenco. Although he was neither consulted about nor involved in Regenco’s decision to sell the land interests, Mr Irvine declared his interest to the Board and took no part in its decision to make the acquisition.

Commenting on the acquisition, Phil Wrigley, Chairman, said:

¹ See page 30 in Part 2 of the Admission Document and references to LXB Fund 4 (of which Regenco is a part) and page 85 in Part 8 under the heading ‘Exclusivity’

² See Page 85 in Part 8 of the Admission Document under the heading ‘Exclusivity’

'I am very pleased to announce the acquisition of these sites. Willow Green offers the potential for the Group to make a very significant addition to our growing portfolio of high quality retail investments. The Board has taken great care to be satisfied (i) that the investment potential of Willow Green justifies the aggregate acquisition price of both assets and (ii) that the current use value of the arable land and existing dwellings at Higher Newham offers a robust fallback position should the investment prospects for that land prove too challenging.'

'In addition to being satisfied that the acquisition offers an attractive investment opportunity for the Company, the Board has given great focus to the related party aspects of the transaction to ensure that, in all respects, this is an appropriate deal and one which is in the best interests of all shareholders.'

Tim Walton, CEO of LXB Manager LLP, said:

'We are delighted to secure this opportunity for the Group. The city of Truro will grow significantly over the coming years and is already acknowledged to have insufficient retail provision for its current population. This acquisition allows us to make a significant addition to the Company's growing portfolio of foodstore investment opportunities. Furthermore, Truro has less than a 12 month housing land supply and Cornwall Council has resolved to address this deficiency by encouraging the release of land to create a 5 year housing land supply in order to meet the shortage of affordable housing. We have been encouraged by the Council's recent endorsement of the Development Brief for the area including Willow Green and the prospect for securing planning permission for a mixed retail and residential led development at this site.'

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