



**LXB RETAIL PROPERTIES PLC
(the “Company” or the “Group”)**

**Update on Disposal of Investments at Biggleswade and Rushden
and
Return of Capital and Annual General Meeting arrangements**

The Group’s announcement on 29 January 2015 regarding the sale of the Sutton investment also referred to approaches received to acquire two of the Group’s other investments. The Group announces today that contracts have been exchanged to sell its investments at Biggleswade and Rushden, both on a forward funding basis. The Biggleswade disposal is subject to a number of relatively straightforward conditions and is expected to complete shortly, realising initial cash of £58.5m and a further £10.2m shortly thereafter. The Rushden transaction is subject to greater conditionality which should be satisfied by late 2015 or early 2016 following which an initial cash receipt of approximately £70m is expected. After the Biggleswade proceeds are received, the Group intends to make a substantial return of capital to shareholders and further details on this are given below.

Biggleswade

Aberdeen Property Trust has exchanged contracts to acquire the whole of the Group’s Biggleswade investment, principally the A1 Retail Park, for £58.5m and is scheduled to complete by mid-April 2015.

Since this is a forward funding transaction, LXB will retain responsibility for overseeing the completion of the development and for securing tenants for those units at the A1 Retail Park which are not currently pre-let. Practical completion of the first phase, which comprises 86,764 sq ft of fully pre-let

ground floor retail space, is scheduled for within the next month. Practical completion of the second phase, which comprises 90,500 sq ft of ground floor retail space, is expected to occur in spring 2016 with Aberdeen Property Trust funding the development costs.

LXB's investments at Biggleswade already have an impressive line-up with pre-lets agreed with M&S, Next, Arcadia, River Island, TK Maxx, Matalan, Laura Ashley, Halfords, Bensons, Pets at Home, H&M, Boots and New Look. In addition, Homebase occupies a 42,860 sq ft unit. In total, 84% of the ground floor space is either let or pre-let and active discussions are in progress with several retailers to pre-let the last four units which comprise 35,500 sq ft of ground floor space. The Group is confident that these units will be fully pre-let by the time they are ready for occupation in spring 2016.

As part of this transaction, Aberdeen Property Trust will also acquire the site opposite the main retail park which has planning permission for a further 30,000 sq ft of A1 non-food retail use. The Group will have no ongoing responsibility for developing or pre-letting that site.

Practical completion of phase one will generate another cash receipt of £10.2m (net of forward funding costs). On practical completion of the second phase, the Group will receive a further cash consideration which is linked to the final investment appraisal and is currently anticipated to be approximately £11.3m.

Total final receipts from the sale of Biggleswade are therefore expected to be approximately £80m, reflecting an underlying overall yield of 4.75% for the retail elements of the scheme.

Rushden

Rushden Lakes, the major new leisure and shopping destination in Northamptonshire, has generated considerable interest amongst the institutional investment community and the Group received a

significant number of approaches from potential buyers. LXB has decided to accept an offer from The Crown Estate and contracts have been exchanged. Completion is subject to satisfaction of a number of planning and letting related conditions.

Under the terms of the forward funding arrangement The Crown Estate will purchase the whole Rushden Lakes investment when the pre-completion conditions are satisfied and will then fund all future development costs. LXB will oversee the development and pre-letting of the remaining space. The principal pre-completion conditions involve securing an amended planning permission to accommodate the precise requirements of the target tenants and achieving a number of further pre-lets.

On the planning front, consent has already been secured for approximately 350,000 sq ft of ground floor space and the Group is working with the local authority and other statutory bodies to discharge the associated planning conditions. Discussions are also progressing to finalise the further submissions which will be made to reconfigure the terraces in line with current retail and leisure requirements.

Pre-lets are already in place with M&S, H&M and Costa and terms have also been agreed with another major anchor retailer for a pre-let of a store of at least 32,000 sq ft of ground floor space. Solicitors are instructed on that pre-letting and active discussions are being held with many other potential occupiers. The high level of tenant interest demonstrates the power of Rushden Lakes' highly differentiated offer and the Group is confident that it will achieve the pre-letting targets which will enable the sale to complete.

Rushden Lakes will be developed in three principal phases. The first is a three terrace shopping park including retail and restaurant units, a visitor centre and a boathouse. In total, the initial phase will provide approximately 230,000 sq ft of ground floor space. Designs are being worked up for two

further phases which will enhance the first phase retail offer with high quality complementary retail and associated leisure uses.

Enabling works will start shortly and practical completion of the first phase is expected to be achieved by late 2016. The timelines and any additional receipts for the second and third phases are harder to predict at this stage since they are dependent on both design and lettings.

The Group expects the sale to The Crown Estate to complete by late 2015 or early 2016 at which point initial cash receipts of approximately £70m will be received.

In deciding to accept this offer, the Group was attracted by The Crown Estate's evaluation of Rushden Lakes but also by its commitment to a shared philosophy to ensure that this investment will deliver a 'Best in Class' shopping and leisure experience for the local population. We already have a successful working relationship with The Crown Estate through their involvement with Banbury Gateway. The Group believes this will assist considerably as the parties collaborate to provide high quality development plans for the second and third phases, and that this will ultimately maximise the potential for further receipts from those phases in due course.

This transaction reflects an underlying overall yield of 4.65% for the retail elements of the scheme.

Financial Impact of These Transactions

The initial and potential future proceeds (net of funding costs and excluding any potential further receipts for the second and third phases at Rushden Lakes) which will result from these transactions are expected to be approximately £150m of which £68.7m will be received by mid-May 2015. The transactions are also anticipated to deliver an additional NAV uplift of approximately £37m over and

above the values reflected in the September 2014 balance sheet. This accretion to NAV is expected to be realised in the Group's results over the next two financial years.

Return of Capital and Annual General Meeting

The 29 January 2015 announcement indicated that, subject to satisfaction of contractual conditions, substantial initial cash proceeds were expected to be realised from the Group's Sutton investment by May 2015. Good progress has been made towards full satisfaction of the pre-completion conditions and the Group now anticipates that cash receipts of £23.6m will be received by mid-May 2015. This, together with the initial Biggleswade proceeds, will enable the Group to return further substantial amounts of capital to shareholders.

The Board is minded to do that in a structured form which will require approval at an Extraordinary General Meeting. As mentioned in the Chairman's Statement in the results announcement for the year ended 30 September 2014, the Board originally intended that the Annual General Meeting would be convened in March 2015. In the interests of efficiency the Group now intends to convene the Annual General Meeting on the same day as the Extraordinary General Meeting. Since the capital return proposals cannot be put formally to shareholders until cash is actually received, the Board considers the Annual and Extraordinary General Meetings should be held a little later than originally intended in May 2015.

As well as the usual business of the Annual General Meeting and the capital return proposals, shareholders will be provided with a detailed update of the NAV potential of the investment portfolio together with an update on short and medium term strategy, so that shareholders are fully informed before they make their decisions relating to the continuation vote.

Commenting on these transactions, Tim Walton, CEO of LXB Adviser LLP said:-

“We are very encouraged by the progress that has been achieved and are delighted that our investments at Biggleswade and Rushden Lakes have proved so attractive to high quality institutional investors. Aberdeen Property Trust and The Crown Estate are both excellent partners for forward funding. In deciding to accept these approaches, the Group has significantly de-risked the investment portfolio and benefited by locking into very attractive investment yields.”

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