



04 May 2016

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

**LXB completes sale of Rushden Lakes**  
**and**  
**Update on lettings**

LXB Retail Properties Plc, the Jersey resident closed-ended real estate investment company focused on edge of town and out of town retail assets, is pleased to confirm the disposal of its Rushden Lakes investment to The Crown Estate (‘TCE’) completed on 4 May 2016, and to provide an update on recent lettings activity.

**Rushden Lakes**

The contract for the disposal of Rushden Lakes was exchanged just over 12 months ago in April 2015 but completion was conditional on satisfaction of a number of conditions, largely relating to planning, lettings and highways. The contract is a forward funding arrangement whereby TCE will fund the future development costs with LXB retaining responsibility for overseeing the development and lettings.

The contract reflected a number of assumptions regarding both costs and the terms of pre-lets and, as is normal with a conditional forward funding agreement, these assumptions have been revisited as part of the process of completing the disposal to reflect the latest information and assumptions on letting terms, additional costs and contingencies, and the phasing of cost items. In addition, a further £2m of costs, which the Group expected to incur prior to completion and recover as part of the initial completion proceeds, will now be funded directly by TCE.

Taken together, the combined effect of these revisions is to reduce the initial completion proceeds from £75m (anticipated in the Circular sent to shareholders in February 2016) to £65.2m; this amount has been received in cash.

Although the initial cash proceeds are lower than originally anticipated, the majority of the reduction relates to timing differences. However, £3m of the difference in proceeds adversely impacts the Board’s view of Phase 1’s ultimate contribution to Net Asset Value. To set this in context, the Board’s current view on the ultimate Net Asset Value of the Group’s portfolio is not materially different from its view at the time of the Annual General Meeting in February 2016, save for the impact on all investment property valuations as a result of the 1% increase in SDLT announced by the Government in March 2016.

Rushden Lakes will be developed in three phases:

- Construction of Phase 1, which includes three retail terraces and associated restaurants, is under way and the terraces built under this phase are expected to open to the public in spring 2017. Phase 1 will be anchored by M&S, House of Fraser and Primark with a further 30 retail units;
- Phase 2 comprises an 11 screen cinema pre-let to Cineworld with further restaurants and a wider leisure offer. It is anticipated that construction will commence prior to March 2017; and
- Phase 3 for which a revised planning application will be submitted later this calendar year.

The Board has already agreed in principle that the bulk of the initial completion proceeds in respect of Rushden Lakes will be returned to shareholders using the capital return mechanism, which was approved at the recent Extraordinary General Meeting, and a committee of the Board is scheduled to meet later this week to consider final proposals. Shareholders will be updated as appropriate after that meeting.

## **Update on Pre-lets**

The Group has made further progress since the announcement to shareholders on 25 April 2016, signing pre-lets with Joules at Rushden Lakes, Coast to Coast and Save Our Soles at Stafford, and Costa Coffee in Sutton.

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