

12 November 2012

Local Shopping REIT plc ("LSR" or the "Company")

Strategic Review including commencement of formal sale process

LSR was established with the aim of becoming a market leading owner of local retail property in the UK. The board of LSR (the "**Board**") has reviewed the performance of the Company since its IPO in 2007 and is of the view that, given its current rating, due in part to its size and capital structure, and the challenge of creating a scaleable business during a period of considerable property and financial market volatility, it is in the interest of shareholders as a whole to review options open to the Company.

The Board therefore today announces that it is launching a strategic review of the Company to consider how value can be maximised for shareholders. The review will be conducted by a committee of the Board comprising its non executive directors (the "**Committee**").

The Committee will consider all strategic options available to the Company, including alternatives within the status quo with the incumbent management team, external management proposals, strategic transactions such as a disposal of existing assets and corporate transactions such as a merger or a sale of the business. Any discussions in relation to a merger with a third party or a sale of the Company will take place within the context of a "formal sale process" as defined in The Takeover Code (the "**Code**") in order to enable conversations to take place with parties interested in making such a proposal on a confidential basis.

The Board has discussed the possibility of the Company's strategic review with its joint venture partners in advance of today's announcement. The Company is in discussions and continues to work collaboratively with all its joint venture partners to ensure the joint ventures continue to be managed to the benefit of the Company's shareholders given the Company is undergoing a strategic review process. The strategic review announced today may result in the Company seeking to alter its commitment to some or all of these joint ventures that may result in a breach of the terms of the joint venture agreements allowing the joint venture partners to take corresponding action. For clarity, the Company has in aggregate approximately £5.6 million invested within all three of its joint ventures.

Process

The Board has appointed J.P. Morgan Cazenove ("**JPMC**"), its financial adviser, to conduct this strategic review and invites all interested parties to submit proposals to JPMC.

As noted above, the Board will consider all strategic options available to the Company, including alternatives within the status quo with the incumbent management team, external management proposals, strategic transactions such as a disposal of existing assets and corporate transactions such as a merger or a sale of the business.

Any discussions in relation to a merger with a third party or a sale of the Company will take place within the context of a "formal sale process" as set out in the Code. Parties with a potential interest in making an offer for, merging with or proposing other forms of corporate transaction with LSR should contact JPMC (contact details as set out below).

The Takeover Panel has granted a dispensation from the requirements of Rules 2.4(a), 2.4(b) and 2.6(a) of the Code such that any interested party participating in the formal sale process will not be required to be publicly identified as a result of this announcement (subject to note 3 to Rule 2.2 of the Code) and will not be subject to the 28 day deadline referred to in Rule 2.6(a), for so long as it is participating in the formal sale process. Interested parties should note Rule 21.2 of the Code, which will prohibit any form of inducement fee or other offer-related

arrangement, and that the Company, although it may do so in the future, has not at this stage requested any dispensation from this prohibition under Note 2 of Rule 21.2.

This announcement is not an announcement of a firm intention to make an offer under Rule 2.7 of the Code and there can be no certainty that an offer will be made, nor as to the terms on which any offer will be made.

Any interested party will be required to enter into a non-disclosure agreement with the Company on terms satisfactory to the Board and on the same terms, in all material respects, as the other interested parties, before being permitted to participate in the process. Following execution of an agreed non-disclosure agreement, the Company intends to provide interested parties with information materials on the Company. Interested parties will also be provided with a detailed outline of the process from JPMC. Following receipt of the materials, interested parties will be invited to submit formal proposals to JPMC.

The Committee reserves the right to alter any aspect of the process as outlined above or to terminate it at any time and will make further announcements as appropriate. The Committee reserves the right to reject any approach or terminate discussions with any interested party or participant at any time.

Following this announcement, the Company is now considered to be in an "offer period" as defined in the Code, and the dealing disclosure requirements listed below will apply.

Results

The Company will announce its full year results for the period to 30 September 2012 on Tuesday 27 November 2012.

Enquiries

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In accordance with Rule 2.10 of the Code, as at the close of business on 9 November 2012, LSR confirms that it has 82,505,853 ordinary shares of 10 pence each in issue. The ISIN reference for these securities is GB00B1VS7G47.

Dealing Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any paper offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper

offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

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