



the **Local Shopping** reit plc

Notice of Annual General Meeting

The Local Shopping REIT plc (the “Company”)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “Meeting”) of the Company will be held at the offices of the Company, c/o Internos Global Investors, 2nd Floor, 65 Grosvenor Street, London W1K 3JH, on Thursday 6 March 2014 at 11.00 a.m., for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as to resolutions 1 to 9 as ordinary resolutions and as to resolutions 10 to 12 as special resolutions.

Ordinary Business

- 1 To receive and adopt the report of the directors and the financial statements of the Company for the financial year ended 30 September 2013, together with the report of the Auditors.
- 2 To approve the Remuneration Policy, contained in the Remuneration Report section of the report of the directors and the financial statements for the financial year ended 30 September 2013.
- 3 To approve the Remuneration Implementation Report, contained in the Remuneration Report section of the report of the directors and the financial statements for the year ended 30 September 2013.
- 4 To reappoint Steven Faber as a director.
- 5 To re-elect Stephen East as a director.
- 6 To re-elect Nicholas Vetch as a director.
- 7 To re-elect Grahame Whateley as a director.
- 8 KPMG Audit Plc having notified the Company that they are not seeking reappointment, that KPMG LLP be and are hereby appointed as Auditors to the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company, and that the directors are authorised to determine their remuneration.

Special Business

- 9 THAT the directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any securities into, shares in the Company up to a maximum nominal amount of £5,500,390 (being approximately one-third of the issued share capital of the Company at the date of this Notice) or such number of shares as is closest to but does not exceed one-third of the issued share capital as at the date of the Meeting provided that this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2015, or 15 months from the date of the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
- 10 THAT, subject to the passing of resolution 10 above, the directors be and are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the general authority conferred by resolution 9 above and be further empowered pursuant to section 573 of the Act to sell shares held by the Company as treasury shares (as defined in section 724 of the Act) for cash, as if section 561(1) of the Act did not apply to such allotment or sale, provided that (save in the case of the issue of securities to or in accordance with the Company's employee share schemes, being the Company Share Option Plan, Long Term Incentive Plan and Employee Benefit Trust) the directors will not allot any equity securities below the net asset value for that type of equity security as estimated by the directors on the latest practicable date prior to such allotment and that this power shall be limited to allotments of equity securities and the sale of treasury shares:
 - i. in connection with or pursuant to an offer by way of rights, open offer or other pre-emptive offer to the holders of shares in the Company and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings, subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory authority or any stock exchange in any territory; and
 - ii. otherwise than pursuant to sub-paragraph (i) above, up to an aggregate nominal amount of £1,650,117 or such number of shares as is closest to but does not exceed 10% of the issued share capital as at the date of the Meeting,

and such power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2015 or 15 months from the date of the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted or treasury shares to be sold after such expiry, and the directors may allot equity securities or sell treasury shares in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

- 11** THAT the Company be generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of 20p each in the capital of the Company ("Ordinary Shares") on such terms and in such manner as the directors may from time to time determine, provided that:
- i. the maximum aggregate number of Ordinary Shares authorised to be purchased is 12,367,627 being the number representing 14.99% of the issued share capital of the Company (excluding shares held by the Company in treasury) at the date of this Notice or such number of Ordinary Shares as is closest to but does not exceed 14.99% of the issued share capital (excluding shares held by the Company in treasury) as at the date of the Meeting;
 - ii. the minimum price (exclusive of expenses) which may be paid for an Ordinary Share is 20p (being the nominal value of an Ordinary Share);
 - iii. unless a tender offer is made to all holders of Ordinary Shares the maximum price which may be paid for an Ordinary Share (exclusive of expenses) is an amount equal to the higher of: (a) 105% of the average of the middle market quotations for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the Ordinary Share is purchased; and (b) the higher of the price of the last independent trade in Ordinary Shares and the highest then current independent bid for the Ordinary Shares on the London Stock Exchange and where a tender offer is made to all holders of Ordinary Shares the maximum price which may be paid for an Ordinary Share is an amount equal to the net asset value per Ordinary Share at the latest practicable date prior to such purchase, all as determined by the directors;
 - iv. the authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 or 15 months from the date of the passing of this resolution, whichever is the earlier; and
 - v. the Company may make a contract to purchase Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after its expiry and may make a purchase of Ordinary Shares in pursuance of any such contract.
- 12** THAT, as permitted by section 307A of the Act, any general meeting of the Company (other than the Annual General Meeting of the Company) shall be called by notice of at least 14 clear days in accordance with the provisions of the articles of association of the Company provided that the authority of this resolution shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2015.

BY ORDER OF THE BOARD

William A Heaney
Company Secretary
03 January 2014

Registered office:
65 Grosvenor Street
London W1K 3JH

Notes on the Resolutions

Resolution 1 relates to the requirement for the directors to present the report of the directors and the accounts of the Company to shareholders at the Meeting. The report of the directors, the accounts and the report of the Company's Auditors on the accounts and on those parts of the directors' remuneration report that are capable of being audited are contained within the 2013 Annual Report.

Resolutions 2 and 3 relate to the requirements for directors' remuneration reports which came into force on 1 October 2013. These require the Company at future annual general meetings to offer shareholders a binding vote on the Company's forward looking remuneration policy (which we have set out this year in the Remuneration Policy section of the Remuneration Report section of the report of the directors and the financial statements for the financial year ended 30 September 2013) and a separate advisory vote on the implementation of the Company's existing remuneration policy in terms of the payments and share awards made to directors during the year (which we have described this year in the Remuneration Implementation Report). Companies are ordinarily expected to maintain the remuneration policy (for adoption pursuant to Resolution 2) for a period of three years before referring the matter to shareholders. However, the Board considered it appropriate to hold a separate vote on each part of the Remuneration Report this year, in anticipation of future years.

Resolution 2 seeks shareholder approval for the Remuneration Policy, which forms the first part of the Remuneration Report, which is contained in the report of the directors and the financial statements for the financial year ended 30 September 2013. The Remuneration Policy sets out the Company's policy on directors' remuneration, including the setting of the directors' pay and the granting of share awards. Shareholders will be aware that the Company no longer has any employees and the directors have no plans to recruit employees. However, the Remuneration Policy will be applied to any employees who may be recruited in the future.

Resolution 3 seeks shareholder approval for the Remuneration Implementation Report, which forms the second and final part of the Remuneration Report. The Remuneration Implementation Report gives details of the implementation of the Company's previous remuneration policy in terms of the payments and share awards made to the directors in connection with their performance and that of the Company during the financial year ended 30 September 2013.

Resolution 4 arises from the requirement under the Company's articles of association ("the Articles") for any director appointed by the Board to retire at the next Annual General Meeting, at which they are eligible to be reappointed.

Resolutions 5 to 7 relate to the provisions for directors to retire periodically. The Articles require each director to retire by rotation at every third Annual General Meeting. However, the directors have decided that, in accordance with the best practice provisions of the UK Corporate Governance Code ("the Code"), all directors would retire at each Annual General Meeting. Biographical details of each director, including their membership of Board committees, are set out in the Company's Annual Report for the financial year ended 30 September 2013.

Resolution 8 refers to the appointment of auditors to the Company. KPMG Audit Plc have notified the Company that they are effecting an orderly wind down of their business and are not seeking reappointment. The resolution proposes that KPMG LLP are appointed auditors to the Company and that their remuneration be fixed by the Directors. A copy of the statement that the Company has received from KPMG Audit Plc in connection with their ceasing to hold office accompanies the Notice of the Annual General Meeting.

Resolution 9 replaces the existing authority of the directors to allot shares, which expires at the conclusion of the forthcoming Meeting. The resolution authorises the directors to allot a maximum of 27,501,951 shares with an aggregate nominal value of £5,500,390. This is equivalent to approximately 33% of the current issued share capital of the Company (excluding shares held in treasury) as at the date of the Notice. The number of shares currently held in treasury is 9,164,017 (nominal value £1,832,803). The directors have no present intention to exercise the authority conferred by the resolution, which will lapse at the earlier of the 2015 Annual General Meeting or 15 months after the Meeting.

Resolution 10, which is subject to the passing of Resolution 9, empowers the directors (*inter alia*) to allot shares for cash or to sell treasury shares on a non pre-emptive basis up to a maximum of 8,250,585 shares with an aggregate nominal value of £1,650,117. This is equivalent to 10% of the current issued share capital (excluding shares held in treasury) as at the date of the Notice. Resolution 10 replaces the existing authority of the directors to allot shares for cash on a non pre-emptive basis, which expires at the conclusion of the Meeting. Resolution 10 will be proposed as a special resolution.

The extent of the authorities contained in Resolutions 9 and 10 are considered by the directors to be within the norm for investment companies.

Resolution 11 renews the directors' existing authority to purchase the Company's Ordinary Shares, up to a maximum of 14.99% of the Company's issued share capital (excluding shares held in treasury), for a further year. The directors propose to exercise the authority only when they believe this to be in the best interests of shareholders. In accordance with institutional investor guidelines, Resolution 11 will be proposed as a special resolution.

Resolution 12 renews the existing authority to hold general meetings, other than Annual General Meetings, on 14 days' notice. Although the Articles currently permit this, the Companies Act 2006 requires a shareholder resolution to be passed to authorise general meetings to be held on 14 days' notice. The minimum notice period for general meetings would otherwise be 21 days. The directors would not make use of the reduced notice period unless they considered this to be in the best interests of members as a whole. Resolution 12 will be proposed as a special resolution.

General Notes

- 1 As permitted by section 360B(3) of the Act and Regulation 41 of the Uncertificated Securities Regulations 2001, shareholders must be entered on the Company's share register at 6.00 p.m. on 4 March 2014 in order to be entitled to attend and vote at the Meeting (or, if the Meeting is adjourned on the Company's share register at 6.00 p.m. on the day two days before the time fixed for the adjourned Meeting). Such shareholders may only cast votes in respect of shares held at such time. Changes to entries on the relevant register after that time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
- 2 Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) to attend and to vote instead of the member. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person, should he subsequently decide to do so. A form to be used for appointing a proxy or proxies for this meeting to vote on your behalf accompanies this Notice.
- 3 A body corporate which is a member of the Company may appoint one or more corporate representatives to exercise all the powers of a shareholder on its behalf, provided that representatives of the same corporation do not exercise their powers differently in relation to the same shares.
- 4 In order to be valid, any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, BN99 6DA, not less than 48 hours before the time of the Meeting or of any adjournment of the Meeting.

- 5 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must (in order to be valid) be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- 6 Persons with information rights under section 146 of the Act do not have the right to appoint a proxy. Any purported exercise by such persons (whether by completion and return of a form of proxy, or otherwise) will be ineffective. Such persons may, however, have specific rights to instruct the member who granted the information rights as to how such member exercises their right to appoint a proxy.
- 7 Any member attending the Meeting is entitled, pursuant to section 319A of the Act, to ask any question relating to the business being dealt with at the Meeting. The Company will answer any such questions unless: (i) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; or (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
- 8 The total number of Ordinary Shares in issue as at 23 December 2013, the last practicable day before printing this document, was 91,669,870 Ordinary Shares and the total level of voting rights was 91,669,870, of which 9,164,017 were attached to shares held in treasury by the Company.
- 9 Pursuant to sections 527 to 531 and sections 338 and 338A of the Act: (i) a member or members having a right to vote at the meeting and holding at least 5% of total voting rights of the Company; or (ii) at least 100 members having a right to vote at the meeting where each holds, on average, at least £100 of paid up share capital may request the Company to:
 - (a) publish on its website, a statement setting out any matter that such member or members propose to raise at the Meeting relating to the audit of the Company's accounts (including the Auditors' report and the conduct of the audit) that are to be laid before the Meeting; and/or
 - (b) give notice of a resolution which may properly be moved and which such members intend to move at the Meeting; and/or
 - (c) include in the business of the Meeting any matter (other than a proposed resolution) which may properly be included in the business. A request that the Company publish a statement on its website, as described in sub-paragraph (a) above, must either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported, and be received by the Company at least one week before the Meeting. The Company must forward such a statement to the Company's Auditors no later than the time the statement is made available on the Company's website, and the statement may be dealt with as part of the business of the Meeting.

A request to give notice of a resolution which members intend to move at the Meeting, as described in sub-paragraph (b) above, must (i) identify the resolution of which notice is to be given; (ii) be authenticated by the person or persons making it; and (iii) be received by the Company not later than six weeks before the Meeting. A request for the inclusion of an item in the business of the Meeting, as described in sub-paragraph (c) above, must (i) identify the matter for inclusion; (ii) be accompanied by a statement setting out the grounds for the request; (iii) be authenticated by the person or persons making it; and (iv) be received by the Company not later than six weeks before the Meeting

A member or members wishing to make requests as described in this note 9 must send the request, together with their name and address and share certificate number(s), to the Company using one of the following methods:

- in hard copy form to the Company Secretary, The Local Shopping REIT plc, c/o INTERNOS GLOBAL INVESTORS, 2nd Floor, 65 Grosvenor Street, London W1K 3JH;
 - by email to the Company Secretary at bill.heaney@internosglobal.com; or
 - by fax to 020 7355 8801, marked for the attention of the Company Secretary, The Local Shopping REIT plc.
- 10 Copies of the service contracts and letters of appointment of each of the directors are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excluded) and at the place of the Meeting from at least 15 minutes prior to and until the conclusion of the Meeting.
 - 11 A copy of this Notice together with other information required under the Act may be accessed on the Company's website www.localshoppingreit.co.uk. Any shareholders' statements, shareholders' resolutions and shareholders' matters of business received by the Company after the date of the Notice will be added to the information already available on the website as soon as reasonably practicable.
 - 12 The results of the voting at the Meeting will be announced through the London Stock Exchange regulatory news service and will also appear on the Company's website.