



23 August 2007

The Local Shopping REIT plc announces first acquisitions since its April flotation

(LONDON, 23 August 2007) – The Local Shopping REIT plc (“LSR”/“the Company”), a UK Real Estate Investment Trust focused on investments in local shopping assets, is delighted to announce its first acquisitions since its Admission to trading on 2 May 2007, when it successfully completed an oversubscribed placing and offer for subscription, raising £160 million.

Portfolio acquisition

LSR has agreed to acquire the entire share capital of Gilfin Property Holdings Limited (“Gilfin”) for £12.85 million. Gilfin is a privately owned property company with a portfolio of 28 properties which have been valued at £14.6 million. Gilfin has net liabilities of £0.3 million and £1 million of associated debt which will be repaid on the completion of the acquisition. Approximately half the portfolio, by value, is located in Scotland, while the rest is in south west London and the surrounding area.

50% of the consideration will be satisfied in cash, with the remaining 50% settled through the issue of 3,897,246 LSR shares. The portfolio produces a rent of £967,038 per annum which is anticipated to rise to £1,044,268 per annum when fully let at a market rent.

Completion of the acquisition of the shares in Gilfin is conditional on admission of the LSR shares being issued to the current shareholders of Gilfin, Application has been made for the 3,897,246 shares to be admitted to the UK Official List and to trading on the London Stock Exchange on 29 August 2007. The shares will rank pari passu with the Company's issued ordinary shares.

Single assets

In addition, the Company is pleased to confirm that, in line with the business plan set out in its Admission Document, it has acquired 79 additional properties for a total consideration of £20.7 million. The blended yield of these units is 7.38%. As a result of these purchases, the Company now has a portfolio of some 560 assets, comprising over 1,700 letting units.

Mike Riley, LSR's Joint Chief Executive Officer, commented:

“As stated in our Prospectus, we anticipated that our REIT status would enable us to offer competitive prices and a tax efficient solution to the owners of property held in private corporate structures with an unrealised capital gains position. The acquisition of Gilfin is, we anticipate, the first of a number of this type of transactions that we will be able to undertake which offer not only an attractive option for the owners of private property companies, but also a highly effective way for LSR to grow its portfolio of assets at an attractive price.”

Nick Gregory, LSR's Joint Chief Executive, added:

“Gilfin's properties are a close match for our existing portfolio. Our hands-on approach, combined with our management expertise, means we are well placed to unlock further additional value, in particular

through the letting of the vacant units in Scotland. The English properties are good quality, well-located units in affluent areas and offer above average growth prospects.”

“We look forward to commencing our active asset management programme for both the Gilfin portfolio and the single assets we have acquired to enhance their capital and income value for our shareholders.”

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About the Local Shopping REIT

The Local Shopping REIT plc (“LSR”) is the first specialist start-up Real Estate Investment Trust (“REIT”) to launch in the UK.

Aimed solely at local shopping assets in non-prime urban areas, the Company invests in neighbourhood and convenience retail assets, heralding the foundations of a new institutional investment class. The Company has a portfolio comprising 560 assets, with over 1,700 letting units, which was valued at £207.7 million (at 28 Mar 2007) with a further £20.7 million of assets acquired since then.

The Company is aiming to become the market leader in the local shopping market in the UK. In building its portfolio, the Company principally targets neighbourhood and specialist property in urban conurbations. Typical of the portfolio are shops in local shopping parades and neighbourhood venues for convenience or ‘top-up’ shopping.

For further information on LSR, please visit www.thelocalshoppingreit.co.uk.
For further information on REITS, please visit www.reita.org.