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For immediate release

The Local Shopping REIT plc announces launch of IPO

(LONDON, 12 April 2007) – The Local Shopping REIT plc ("LSR"/"the Company"), a UK resident property investment company, has today launched an Initial Public Offering to institutional investors and the public (the "IPO").

The Company is self-managed. The Board of the Company comprises joint Chief Executives Mike Riley and Nick Gregory with Victoria Whitehouse as Finance Director. Grahame Whateley is non-executive Chairman and Andrew Cunningham (of Grainger Plc) and Nick Vetch (of The Big Yellow Group Plc) are non-executive directors.

The Company's investment objective is to provide shareholders with an attractive level of income with the potential for income and capital growth. LSR's investment policy is to focus on investing in local shopping assets in the United Kingdom. It has a target gross annualised dividend yield of 4.75 per cent. and will aim to grow the dividend by the UK Index of Consumer Prices.

The highly diversified seed portfolio provides an attractive and secure income stream with good growth prospects off low and affordable rental levels, allowing LSR to target a gross dividend yield of 4.75 per cent. on listing. Management aims to deliver capital growth both from buying well in a large and fragmented market, as well as delivering surpluses from asset management initiatives. Typical of the portfolio are shops in local shopping parades and neighbourhood venues for convenience or 'top-up' shopping. For the most part, the portfolio comprises local shops and restaurant investments, which are well established in their local communities, often with valuable residential upper parts. However, the Company will consider new developments of local shops where they are supported by demand.

The Company has built up a completed portfolio valued at £207.7 million of property spread across 484 assets, with 1,409 tenants producing an overall net rental income of £13.8 million per annum. The Company plans to invest a further £143 million into additional property by 30 September 2008. The Company has exchanged on approximately a further £0.4 million at an average yield of just over 7 per cent., and has under offer approximately £17 million at similar yields.

Highlights of the IPO

- Target gross annualised dividend yield of 4.75 per cent. which is intended to grow by at least UK CPI

- A highly diversified existing portfolio of £207.7 million with an underlying initial yield of 6.32 per cent.

- On Admission, it is expected that the Directors and their family interests will own approximately 13 per cent. of the Company's issued share capital

- The Company will be run by an experienced and entrepreneurial team in a sector of the market which has benefited little from professional asset management

- Up to 91,954,023 million Ordinary Shares are being offered to institutional investors and the public through a Placing and Offer for Subscription at 174 pence per share

- Initial net asset value (“NAV”) per Ordinary Share of 164.86 pence

- Net proceeds of the placing will be used to pay down bank debt and fund the Company’s identified pipeline of acquisition opportunities and future expansion of its portfolio

- The public can apply for shares through the Offer for Subscription until 3.00 p.m. on 24 April 2007

- Institutional investors can apply for shares under the Placing until 3.00 p.m. on 26 April 2007*

- The minimum subscription for Ordinary Shares is £2,000 and thereafter in multiples of £1,000

- It is expected that admission will occur and dealings in the Ordinary Shares will commence on 2 May 2007

* This date may be brought forward to a date no earlier than 3.00 p.m. on 25 April 2007 at the discretion of the directors.

Grahame Whateley, Chairman of The Local Shopping REIT plc, said:

“The Local Shopping REIT will offer investors the opportunity to gain access to a diversified and high yielding portfolio of local retail assets. Through leveraging our first mover advantage and our extensive network of agents, we believe that our highly experienced management team can substantially grow and manage the portfolio, thereby continually increasing the value we deliver to shareholders.”

Mike Riley, Joint Chief Executive Officer, The Local Shopping REIT plc, said:

“The Local Shopping REIT is expected to generate a high level of income with a gross annualised dividend yield of 4.75 per cent. Together with the highly accretive business model, we believe it offers a compelling opportunity for both institutional and retail investors.”

Nick Gregory, Joint Chief Executive Officer, The Local Shopping REIT plc, said:

“Unlike the high street, our diversified portfolio of local convenience retail units, with an average rent of under £12 psf is highly sustainable and offers considerable opportunities to enhance value through active asset management initiatives. We are very excited by the prospect of building on our track record and using the proceeds from the Placing to pursue our ambition of doubling the size of The Local Shopping REIT by September 2008.”

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Important information

The target gross dividend yield of the Company is a target only and is based on assumptions and projections, including with respect to the Company's property portfolio, capital structure, costs and expenses, and real estate market and general economic conditions. These assumptions and projections are based on the Board's judgements, estimates and beliefs as well as current market conditions, and are therefore subject to change. There can be no guarantee that the Company will achieve its targets annualised dividend yield.

The price and value of securities may go down as well as up. Past performance is not necessarily a guide to future performance and failure of any assumptions and projections with respect to the Company to be accurate or correct may adversely impact the value of the Company's securities. Persons needing advice should contact a professional adviser.

All statements in this announcement that are not historical fact are forward looking statements, including, without limitation, statements regarding the IPO, the expected proceeds from the IPO, the intention to list on the London Stock Exchange, the target gross dividend yield of the Company, the quality, composition, size, diversification and performance of the portfolio, the Company's ability to generate above average returns and its growth prospects and statements containing the words "believes", "estimates", "anticipates", "expects", "intends", "assumes", "may", "will", or "should" or in each case, their negative or other variations or similar expressions. Forward looking statements involve known and unknown risk, uncertainties and other factors which may cause actual results to differ materially from any future results, performance or achievements expressed or implied by such forward looking statements. Subject to any regulatory obligation, the Company expressly disclaims any obligation to update or revised forward-looking statements to reflect any change in expectations, new information, subsequent events or otherwise.

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The Prospectus is available at the offices of JPMorgan Cazenove at 20 Moorgate, London, EC2R 6DA.

Background information

The Local Shopping REIT plc is a limited liability, UK resident, self-managed, closed ended investment company which, shortly following Admission, will elect to become a Real Estate Investment Trust. The Company's capital structure will consist solely of Ordinary Shares and the Company will have an indefinite life. The Company's investment objective is to provide shareholders with an attractive level of income with the potential for income and capital growth. Its investment policy is to focus on investments in 'local' retail assets in the United Kingdom.

Having developed the business concept with Grahame Whateley, Mike Riley and Nick Gregory started the Company's activities in January 2005 and the Group began acquiring properties in April 2005. Since that time, Mike Riley and Nick Gregory have been responsible for identifying and acquiring investment properties fitting the Company's business model, as well as negotiating investment finance and effective asset management. The Company is currently owned 75% by Castlemore Holdings Limited (which holds its interests for the benefit of Grahame Whateley's family) and 12.5% each by Mike Riley and Nick Gregory.

The Board

Grahame Whateley, non-executive Chairman, has been in the property industry for approximately 45 years, after qualifying as a surveyor. He founded Castlemore Securities Limited (now a subsidiary of Castlemore Holdings) 36 years ago. Castlemore is currently involved in developing a portfolio of office, retail and large mixed use schemes worth over £1 billion around the country, totalling 10 million square feet of new space.

Nicholas Gregory, Joint Chief Executive. Along with Mike Riley, Nick was a director at Castlemore Securities Limited between October 2002 and January 2005, when he became a director of the Company. Previously, Nick was at UBS Global Asset Management (UK) Limited from April 1996 to September 2002. At UBS, he was appointed fund manager responsible for the management of a portfolio with a value of £175m for Philips & Drew Second Property Partnership (later renamed Triton Property Fund). His role included stock selection, purchase diligence and sales, and he was later made responsible for all purchase and sales transactions. He became a director in July 2000 and a member of the Property Investment Committee in May 2001 with responsibility for setting fund strategy and transaction approval for a fund with £568m of property assets (as at June 2002). Prior to joining UBS, Nick was a trainee surveyor at Chesterton from 1993 to 1996.

Michael Riley, Joint Chief Executive. Mike has been working in the property industry since 1986. Along with Nick Gregory, he was a director of Castlemore Securities Limited between October 2002 and January 2005, when he became a director of the Company. Prior to joining Castlemore, Mike was at Quintain Estates and Development Plc from July 2001 until July 2002, holding the role of Chief Executive from March 2002. Previously, Mike worked at HVB Real Estate Capital for four years where he became joint managing director in October 1999 and was responsible for the bank's marketing team. He also sat on its London credit committee. Prior to that he was at Chesterton International from 1989 to 1997. Mike trained as a chartered surveyor with Hillier Parker between 1986 and 1989.

Victoria Whitehouse, Finance Director. Victoria joined the Company as Finance Director in January 2007 from ProLogis Developments Limited where, as Group Financial Controller, she was responsible for directing the accounts team. Victoria was with KPMG, between 1997 and 2005, becoming senior audit manager responsible for a variety of clients with turnovers up to £350m per annum, including publicly listed companies and a property group. Victoria trained with Felton & Co in Birmingham and qualified as a Chartered Accountant in 1997.

Andrew Cunningham, Non-Executive Director, qualified as an accountant with Deloitte Haskins & Sells, becoming a partner in 1989 with responsibility for a broad range of audit clients. He joined Grainger PLC as Finance Director in 1996, becoming Deputy Chief Executive in 2002.

Nicholas Vetch, Non-Executive Director, was a co-founder of Big Yellow Group PLC in September 1998. Prior to that he was joint Chief Executive of Edge Properties plc, which he co-founded in 1989 and which was subsequently listed on the Official List of the London Stock Exchange in 1996 before being taken over by Grantchester Properties plc in 1998. Mr Vetch is also a non-executive director of Blue Self Storage S.L - a self storage operation in Spain.

The Company's management has also established a network of national and local advisers, including active relationships with 4 specialist managing agents and 18 investment acquisition agents around the UK, who are kept in close touch with the Company's objectives and progress. This strategy has greatly assisted in identifying and converting investment opportunities and maximising asset management benefits and is expected to continue to provide the Group with access to potential acquisitions and facilitate the execution of transactions and management. In all, over 50 agents are actively identifying investment opportunities and providing asset management and professional services to the portfolio. The management team engages and monitors agents' performance against established rigorous standards. Supported by its professional advisers, LSR has already established a reputation for swift and efficient deal execution, which has led to repeat business with vendors and their agents on an off-market basis, with consequent benefits for pricing and deal costs.

Retail Investors

ISAs

Eligibility for inclusion of the Ordinary Shares in an ISA is subject to the usual subscription limits applicable (for the tax year 2007/8 an individual may invest £7,000 worth of stocks and shares in a maxi ISA or £4,000 in a stocks and shares mini ISA). Investors are reminded that they cannot subscribe for both a maxi ISA and a mini ISA in the same year. In each tax year, investors may invest either in one maxi ISA (which may include stocks and shares component and a cash component) or in two mini ISA's, one of which may be a cash mini ISA and one of which may be a stocks and shares mini ISA.

PEPs

Although no new PEPs may be opened and no further subscription made to existing PEPs, the Ordinary Shares may be qualifying investments for existing PEPs provided that the PEP manager has acquired such Ordinary Shares by subscription under the Offer for Subscription or by purchase in the market and is satisfied on the subject of eligibility.

SSAS and SIPPS

The Directors have been advised that the Ordinary Shares in the Company will be eligible for inclusion in an SSAS or a SIPPS.