

3 October 2008

H.R. Owen plc ("HR Owen" or the "Group")

Surrender and Lease of the Jack Barclay Nine Elms After Sales Business
Premises at Units 2 and 4 Ponton Road, Wandsworth, London SW8 5BA
(the "Premises").

1. Introduction

The Board of HR Owen is pleased to announce that HR Owen and its wholly owned subsidiary, Jack Barclay Limited ("Jack Barclay"), have entered into a conditional agreement for surrender and lease in respect of the Premises (the "Surrender Agreement") with the landlord, Ipress Limited ("Ipress") and Docket Limited. In consideration for completion of the Surrender Agreement HR Owen will receive a surrender premium of up to £10,000,000 (the "Surrender Premium"). Further details of the terms upon which the Surrender Premium is payable and the benefits for Jack Barclay if the Surrender Agreement does not complete are set out below.

Under the terms of the Surrender Agreement, Jack Barclay will (subject to paragraph 3 below) be granted a new lease of the Premises (the "New Lease") on completion of the surrender of the existing lease of the Premises (the "Existing Lease"). The New Lease will be for a term expiring on 25 March 2012 and will be capable of termination by Jack Barclay (but not Ipress) between 31 July 2010 and 25 March 2012. The annual rental will be unchanged at £569,250. Vacant possession will be accepted by Ipress on expiry (or earlier termination) of the New Lease free from any liability for dilapidations.

The Premises are currently occupied by the Jack Barclay After Sales Business (the "Jack Barclay Business") pursuant to the Existing Lease terminating on 28 September 2017. The Group's minimum rental commitment pursuant to the Existing Lease from 29 September 2008 to 28 September 2017 is, in aggregate, £5,123,250.

2. Shareholder Approval

Due to the size of the Surrender Premium, the Surrender Agreement is conditional on approval of HR Owen's shareholders, which will be sought at an Extraordinary General Meeting ("EGM"). A circular including notice of this meeting will be sent to shareholders shortly and will include further information on the Surrender Agreement.

Holders of 17,531,533 ordinary shares, representing approximately 74.25% of the issued ordinary share capital of HR Owen, have undertaken to vote in favour of the resolution to approve the Surrender Agreement.

3. Principal Terms

In consideration for Jack Barclay entering into the Surrender Agreement, Ipress will deposit with Ipress's solicitors an option fee of £1,000,000 to be held as stakeholder (the "Option Fee"), which will become payable to Jack Barclay on receipt by Ipress of confirmation of shareholder approval to the terms of the Surrender Agreement at the EGM.

Once unconditional, completion of the Surrender Agreement is still subject to Ipress exercising its option under the Surrender Agreement to take a surrender of the Existing Lease within six months of the date of the Surrender Agreement and to grant the New Lease to Jack Barclay (the "Option").

In the event that Ipress does not exercise the Option, the Existing Lease will remain in place and Jack Barclay will be entitled to receive in addition to the Option Fee of £1,000,000 referred to above two years of rent free occupation of the Premises under the Existing Lease, amounting to a rental saving of at least £1,138,500. If the Option is not exercised the rent payable on the Existing Lease is subject to upwards only review.

In the event that Ipress exercises the Option, Jack Barclay will receive, in addition to the Option Fee, a further £3,000,000 in cash on the first working day five days after the date the Option is exercised (the "Surrender Completion Date"), when the Surrender Agreement will be completed. In addition, Jack Barclay will receive £5,000,000 in the form of bills of exchange on completion, £3,000,000 of which will be redeemable on 24 June 2011 and the remaining £2,000,000 being redeemable on 25 March 2014. In the event that bills of exchange are not delivered by Ipress, Ipress will provide Jack Barclay with £5,000,000 in cash. Further, if either of the bills of exchange is not paid on presentation Ipress will pay Jack Barclay the cash equivalent.

Ipress has also agreed to make available temporary premises adjacent to the Premises, which Jack Barclay may choose to take up, in the event suitable replacement premises are not identified, by serving notice on Ipress by 24 March 2011. The temporary premises will be available between 24 June 2011 and 25 March 2014 under a lease under which a peppercorn rent only will be payable. In the event that Jack Barclay notifies Ipress on or before 24 May 2011 that it will not require the temporary premises, Ipress will pay Jack Barclay a further £1,000,000 in cash. This payment has been guaranteed by Docket Limited.

The Board of HR Owen is confident that replacement premises will be identified prior to the expiration of the New Lease on 25 March 2012 and that it will not be necessary to take up the lease of the temporary premises. The New Lease may be terminated by Jack Barclay at any time on or after 31 July 2010 by serving 3 months' prior written notice on Ipress and the temporary lease (if taken up) provides that Jack Barclay may terminate the lease at any time on 1 month's written notice to enable Jack Barclay to take up new premises when identified. Jack Barclay must leave the Premises no later than 25 March 2012 if the New Lease is granted, failing which rent is payable at the rate of £500,000 per month.

Ipress will reimburse Jack Barclay's reasonable costs in connection with the Surrender Agreement and the search for new premises for the Jack Barclay Business, up to a maximum aggregate amount of £350,000.

4. Use of Proceeds

It is anticipated that the Surrender Premium will be used for funding a new site for the Jack Barclay Business and to further minimise the Group's borrowings.

Commenting on the proposal, Nicholas Lancaster, Chief Executive of HR Owen, said,

"This transaction provides significant new value to shareholders. If Ipress exercise their option and the Surrender Agreement proceeds to completion, the consideration to be received will provide us with the resources to relocate our strategically important Bentley aftersales facility to new premises within the required timescales and to further reduce our borrowings. If the option is not exercised, the Bentley aftersales operation will remain in its existing facilities under the terms of its present lease and the Group will still receive the benefit of both the £1,000,000 Option Fee and the two-year rent-free period."

Enquiries:

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