

Regulatory Story

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Thalassa Holdings Limited - THAL Posting of Offer Document
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Thalassa Holdings Limited
06 March 2019

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THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND NO INVESTMENT DECISION IN RELATION TO THE OFFER OR THE THALASSA CONSIDERATION SHARES SHOULD BE MADE EXCEPT ON THE BASIS OF INFORMATION IN THE OFFER DOCUMENT AND THE PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT WHICH ARE BEING PUBLISHED TODAY.

FOR IMMEDIATE RELEASE

6 March 2019

Thalassa Holdings Ltd

("Thalassa" or the "Company")

Posting of Offer Document

The Board of Thalassa is pleased to announce that the Offer Document containing full terms and conditions of its firm offer to acquire the entire issued and to be issued share capital of The Local Shopping REIT Plc ("LSR") other than the LSR shares already owned by Thalassa (the "Offer Document"), together with a Form of Acceptance, are today being published and posted to LSR Shareholders. The Offer Document contains, inter alia, a letter from the Chairman of Thalassa, the full terms and conditions of the Offer, the expected timetable of principal events and details of the actions to be taken by LSR Shareholders. In addition, a prospectus equivalent document containing details of the Company as enlarged by the acquisition of LSR and the Thalassa Consideration Shares (the "Prospectus") is being posted to LSR Shareholders.

Capitalised terms in this announcement (the "Announcement"), unless otherwise defined, have the same meanings as set out in the Offer Document. Copies of this Announcement, the Offer Document and the Prospectus will be available free of charge (subject to certain restrictions relating to persons in Restricted Jurisdictions) on Thalassa's website at <https://thalassaholdingsltd.com/offer.htm> up to and including the Effective Date. The contents of these websites are not incorporated into, and do not form part of, this Announcement.

Background and reasons for the Offer

The Board of Thalassa believes that its Offer provides a compelling opportunity for an LSR Shareholder to realise an exit from their shareholding in LSR. Thalassa has clearly stated that it does not agree with the LSR Board's strategy of pursuing a liquidation or winding-up of LSR. Thalassa has both publicly and privately raised its concerns about the execution and open-ended cost of the proposed liquidation of LSR's assets.

The Board of Thalassa does not believe that LSR has delivered meaningful shareholder value. NAV per LSR Share has fallen from 159 pence as at 30 September 2007 to 33.6 pence as at 30 September 2018. In addition, despite references in its announcement of 12 December 2018 to "actively considering proposals for enhancing

and distributing value through other strategies", the LSR Board has yet to put forward any such alternative strategies.

The investment and performance record of Thalassa, under the leadership of Duncan Soukup, contrasts with that of LSR. The NAV per Thalassa Share has increased by approximately 305 per cent. since inception (based on unaudited proforma accounts) and 205 per cent. on a sterling basis since 31 December 2008, based on audited accounts.

The Thalassa Board has a long-term track record of successfully deploying capital and believes that the combination of the businesses of Thalassa and LSR will add scale to Thalassa's value acquisition investment strategy.

Thalassa believes that superior value from LSR's assets can be achieved by pursuing an alternative strategy, driven by a strengthened management team with a significant vested interest, mindful of creating shareholder value and benefitting from the enhanced scale that will come from a combination of Thalassa and LSR.

The Offer provides LSR Shareholders with the ability to realise part of their shareholding in LSR for cash, with a Mix and Match Facility to allow a LSR Shareholder to elect to potentially increase the proportion of cash received pursuant to the Offer (subject to off-setting elections for Thalassa Consideration Shares by other LSR Shareholders). Equally, the Thalassa Board views the Thalassa Consideration Shares as providing an opportunity for LSR Shareholders to maintain an interest in the future of the combined businesses and benefit from the Thalassa team's track record of delivering shareholder value.

As well as providing a certain, deliverable exit opportunity for LSR Shareholders with a cash component, the Board of Thalassa also note the following:

- the overall value per Offer Share of approximately 35.8 pence (based on a Closing Price of a Thalassa Share of 81.5 pence on the Latest Practicable Date) represents:
 - a premium of 28.8% premium to the closing price of an LSR Share of 27.8 pence on the Latest Practicable Date;
 - a premium of 27.9% to the Closing Price of 28 pence per LSR Share on 8 January 2019 (being the last Business Day before commencement of the Offer Period);
 - a premium of 22.2% to the six-month average price per LSR Share of 29.3 pence (being the average Closing Price for the six-month period ended on the Latest Practicable Date); and
 - a premium of 34.1% to the projected initial cash distribution of 26.7 pence per LSR Share as set out in the LSR Notice of General Meeting dated 16 November 2018.
- Thalassa has a long-standing share buy-back programme which provides liquidity in the trading of Thalassa Shares for the benefit of Thalassa Shareholders (which will include those LSR Shareholders who become Thalassa Shareholders subsequent to the Offer) and on 5 March 2019 that Board of Thalassa approved a new share buy-back authority of up to £6.0 million of Thalassa Shares, which replaces the unutilised headroom in the current authority.

The board of Thalassa believes that the Offer presents a solution to the inertia offered by the LSR Board with an exit from LSR that includes a cash component and that can be delivered at no direct cost to LSR Shareholders, thereby protecting the intrinsic value of an LSR Shareholders shares.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.⁽¹⁾ References to a time of day are to London time.

| | |
|---|---|
| Publication and posting of this Offer Document and the Form of Acceptance | 6 March 2019 |
| Publication of the Prospectus Equivalent Document | 6 March 2019 |
| First Closing Date ⁽²⁾ | 1.00 p.m. on 27 March 2019 |
| Latest date and time by which the Offer may be declared or become unconditional as to acceptances (ie. "Day 60") ⁽³⁾ | 1.00 p.m. on 5 May 2019 |
| Latest date on which the Offer may become or be declared wholly unconditional (unless extended) (ie. "Day 81") ⁽⁴⁾ | 26 May 2019 |
| Admission of, and dealings (for normal settlement) commence in, Thalassa Consideration Shares on the London Stock Exchange | 8.00 a.m. on the Effective Date |
| Thalassa Consideration Shares issued and credited to CREST accounts | As soon as possible after 8.00 a.m. on the Effective Date |
| Despatch of share certificates in respect of Thalassa Consideration Shares | No later than 14 calendar days |

and cheques in respect of fractional entitlements to Thalassa Consideration after the Effective Date Shares (where applicable) and payment of cash consideration due to LSR Shareholders pursuant to the terms of the Offer

Notes:

- (1) The dates and times given are indicative only and are based on current expectations and may be subject to change (including as a result of changes to the timetable as may be agreed with the Panel). If any of the times and/or dates above change, the revised times and/or dates will be announced via a Regulatory Information Service.
- (2) The Offer is initially open for acceptance until 1.00 p.m. on 27 March 2019 Thalassa reserves the right (but shall not be obliged, other than as may be required by the City Code) at any time or from time to time to extend the Offer after such time.
- (3) If the Offer becomes or is declared unconditional as to acceptances the Offer will remain open for acceptances for at least 14 days following such date.
- (4) Except with the consent of the Panel, all Conditions must be fulfilled (or waived (if so permitted)) or the Offer must lapse within 21 days of the First Closing Date, or the date the Offer becomes or is declared unconditional as to acceptances, whichever is the later.

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Disclosure requirements of the City Code

Under Rule 8.3(a) of the City Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange 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 securities exchange 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 securities exchange 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 p.m. on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the City Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange 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 securities exchange offeror(s), 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 p.m. 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 securities exchange 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 of the City Code).

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 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.

Rule 2.9 disclosure

In accordance with Rule 2.9 of the City Code on Takeovers and Mergers, the Company now has in issue 17,655,275 ordinary shares carrying one vote each (excluding the 7,912,247 ordinary shares held in Treasury) and admitted to the standard listing segment of the Official List of the UK Listing Authority (the "Official List") and to trading on London Stock Exchange plc's main market ("Main Market") for listed securities. Furthermore, Thalassa has in issue 17,270,918 preference shares (each carrying 10 votes), and are not admitted to trading on any exchange. The ISIN for the Thalassa Shares is VGG878801031.

Publication on website

Pursuant to rule 26 of the Code, a copy of this announcement, the Offer Document and the Prospectus will be available, subject to certain restrictions relating to persons resident in, or subject to the laws and/or regulations, of Restricted Jurisdictions, for inspection on the Thalassa's website at <https://thalassaholdingsltd.com/offer.htm> promptly and in any event by no later than 12 noon (London time) on the business day following the date of this announcement. For the avoidance of doubt the contents of this website is not incorporated into, and does not form part of, this announcement.

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