

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Offer or the contents of this Offer Document or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or an independent financial adviser duly authorised under the FSMA if you are located in the United Kingdom or, if you are located outside the United Kingdom, an appropriately authorised independent financial adviser.

This Offer Document and any documents incorporated into it by reference should be read in conjunction with the accompanying Form of Acceptance (if you hold LSR Shares in certificated form). If you hold LSR Shares in uncertificated form and you are a CREST sponsored member you should contact your CREST sponsor.

This Offer Document should also be read in conjunction with the Prospectus Equivalent Document, available to Eligible LSR Shareholders at www.thalassaholdingsltd.com. The Prospectus Equivalent Document has been prepared in accordance with paragraph 1.2.2(2) and 1.2.3(3) of the Prospectus Rules and contains information which is regarded by the UKLA as being equivalent to that of a prospectus. Accordingly, the Prospectus Equivalent Document has been filed with the UKLA and has been made available, free of charge, to the public in accordance with Rule 3.2 of the Prospectus Rules.

If you have sold or otherwise transferred all of your LSR Shares, please send this Offer Document, together with the accompanying pre-paid envelope (for use in the UK only), but not the personalised Form of Acceptance, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. **However, the foregoing documents and the Prospectus Equivalent Document must not be distributed, forwarded or transmitted (including by custodians, nominees and trustees) in or into the United States or any other Restricted Jurisdiction.** If you have sold or otherwise transferred some of your LSR Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise acquired LSR Shares in certificated form, notwithstanding receipt of this Offer Document and any accompanying documents from the seller or transferor or the stockbroker, bank or other agent through whom the purchase or transfer was effected, you should contact the Receiving Agent, Link Asset Services, to obtain a personalised Form of Acceptance.

Cash and Share Offer
for
The Local Shopping REIT Plc
by
Thalassa Holdings Ltd

Copies of this Offer Document and of the Prospectus Equivalent Document will be made available to Eligible LSR Shareholders on Thalassa's website at www.thalassaholdingsltd.com until the end of the Offer.

The procedure for acceptance of the Offer is set out on pages 3 and 18 to 22 of this document and, in respect of LSR Shares held in certificated form, in the Form of Acceptance. To accept the Offer in respect of LSR Shares held in certificated form, you must complete and return the accompanying Form of Acceptance as soon as possible and, in any event, so as to be received by the Receiving Agent **by no later than 1.00 p.m. (London time) on 27 March 2019**. Acceptances of the Offer in respect of LSR Shares held in uncertificated form should be made electronically through CREST so that the TTE instruction settles **by no later than 1.00 p.m. (London time) on 27 March 2019**. If you are a CREST sponsored member, you should contact your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

If you have any questions about this document or are in any doubt as to how to complete the Form of Acceptance (if you hold LSR Shares in certificated form), or how to make an Electronic Acceptance (if you hold LSR Shares in uncertificated form), or if you want to request a hard copy of the Prospectus Equivalent Document or a further copy of this Offer Document (and/or any information incorporated into it by reference to another source) please contact the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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PROCEDURE TO ACCEPT THE OFFER AND TO MAKE A MIX AND MATCH ELECTION

If you hold LSR Shares in certificated form:

If you hold your LSR Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Offer in respect of some or all of those LSR Shares, you should complete, sign and return the enclosed Form of Acceptance, along with your valid share certificate(s) and/or any other relevant documents of title as soon as possible and, in any event, so as to be received by post or by hand (during normal business hours) by the Receiving Agent, Link Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU **by no later than 1.00 p.m. (London time) on 27 March 2019**. Further details on the procedures for acceptance of the Offer if you hold any of your LSR Shares in certificated form are set out in paragraph 17(a) of Part 1 and Section D of Part 2 of this Offer Document and in the accompanying Form of Acceptance. A pre-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of LSR Shares in certificated form in the UK for returning their Form of Acceptance.

If you hold LSR Shares in uncertificated form:

If you hold your LSR Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer in respect of some or all of those LSR Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles as soon as possible and, in any event, **by no later than 1.00 p.m. (London time) on 27 March 2019**. If you hold any of your LSR Shares through a CREST sponsored member, you should contact your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear. Further details on the procedures for acceptance of the Offer if you hold any of your LSR Shares in uncertificated form are set out in paragraph 17(b) of Part 1 and Section E of Part 2 of this Offer Document.

Mix and Match Facility

The Offer includes a Mix and Match Facility, as described in paragraph 7 of Section C of Part 2 of this Offer Document. Further details on the procedures for making Mix and Match Elections are set out in paragraph 17(a)(ii)(B) of Part 1 of this Offer Document (if you hold LSR Shares in certificated form) and in paragraph 17(b)(iii) of Part 1 of this Offer Document (if you hold LSR Shares in uncertificated form).

ACCEPTANCES OF THE OFFER MUST BE RECEIVED BY 1.00 P.M. (LONDON TIME) ON 27 MARCH 2019

You are advised to read the whole of this Offer Document and the Prospectus Equivalent Document carefully.

THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. (LONDON TIME) ON 27 MARCH 2019

Helpline

If you have any questions relating to this Offer Document or the completion and return of the Form of Acceptance or the making of an Electronic Acceptance (as the case may be) please telephone the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321.

Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

All references in this document and in the Form of Acceptance are to London time.

Please note that, for legal reasons, the Receiving Agent will only be able to provide you with information contained in this Offer Document and will be unable to give advice on the merits of the Offer or to provide legal, financial or taxation advice on the contents of this Offer Document.

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 and cheques in respect of fractional entitlements to Thalassa Consideration Shares (where applicable) and payment of cash consideration due to LSR Shareholders pursuant to the terms of the Offer	No later than 14 calendar days after the Effective Date

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.

IMPORTANT NOTICES

Important notices relating to financial adviser

finnCap, which is authorised by and regulated in the United Kingdom by the FCA, is acting exclusively for Thalassa and no one else in connection with the Offer and will not be responsible to anyone other than Thalassa for providing the protections afforded to its clients or for providing advice in relation to the Offer or any other matters referred to in this Offer Document.

Notice to Overseas Shareholders

The release, publication or distribution of this Offer Document, the Form of Acceptance or the Prospectus Equivalent Document in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable requirements. In particular, the ability of persons who are not resident in the United Kingdom to accept the Offer or to execute and deliver the Form of Acceptance may be affected by the laws of the relevant jurisdictions in which they are located.

This Offer Document has been prepared for the purpose of complying with English law and the City Code, and the information disclosed may not be the same as that which would have been disclosed if this Offer Document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Unless otherwise determined by Thalassa or required by the City Code, and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Offer by any use, means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities. Accordingly, copies of this Offer Document, the Form of Acceptance or the Prospectus Equivalent Document and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction.

The availability of the Offer to LSR Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Any such person should read paragraph 16 of Part 1, Section D of Part 2 (if such person holds LSR Shares in certificated form) or Section E of Part 2 (if such person holds LSR Shares in uncertificated form) of this Offer Document and inform themselves of, and observe, any applicable legal or regulatory requirements.

Notice relating to the United States of America

The Offer relates to the shares of an English company and is subject to UK procedural and disclosure requirements that are different from certain of those of the US. Any financial statements or other financial information included in this Offer Document or the Prospectus Equivalent Document may have been prepared in accordance with non-US accounting standards that may not be comparable to the financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. It may be difficult for US holders of shares to enforce their rights and any claims they may have arising under the US federal securities laws in connection with the Offer, since Thalassa and LSR are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the United States. US holders of shares in Thalassa or LSR may not be able to sue Thalassa, LSR or their respective officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel Thalassa, LSR and their respective affiliates to subject themselves to the jurisdiction or judgment of a US court.

None of the Thalassa Consideration Shares, the Prospectus Equivalent Document, the Offer Document, the Form of Acceptance or any other document relating to the offering of Thalassa Consideration Shares has been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of the information contained in this Offer Document and the merits of the Offer. Any representation to the contrary is a criminal offence in the United States.

In addition, until 40 days after the commencement of the Offer, an offer, sale or transfer of the Thalassa Consideration Shares within the United States by a dealer (whether or not participating in the Acquisition) may violate the registration requirements of the US Securities Act if such offer, sale or transfer is made otherwise than in accordance with Rule 144A or another exemption from registration under the US Securities Act.

It is intended that the Offer will be implemented by way of a takeover offer within the meaning of the Companies Act. However, Thalassa reserves the right to elect, with the consent of the Panel (where necessary), to implement the Offer by way of a Court-sanctioned scheme of arrangement in accordance with Part 26 of the Companies Act. A Scheme is not subject to the tender offer rules under the US Exchange Act and therefore would be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. If the Acquisition is implemented by way of a scheme of arrangement, the Thalassa Consideration Shares would be expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of the US Securities Act. Section 3(a)(10) exempts securities issued in exchange for one or more outstanding securities from the general requirements of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court, after a hearing on the fairness of the terms and conditions of the issuance and exchange at which all persons to whom such securities will be issued have the right to appear and be heard. The Court would hold a hearing on the Scheme's fairness to LSR Shareholders, at which hearing all such shareholders would be entitled to attend in person or through counsel. If the Offer is implemented by way of the Scheme, a person who receives Thalassa Consideration Shares pursuant to the Scheme and who is an affiliate of Thalassa may not resell such securities without registration under the US Securities Act or pursuant to the applicable resale provisions of Rule 144 under the US Securities Act or another applicable exemption from registration or in a transaction not subject to registration (including a transaction that satisfies the applicable requirements of Regulation S under the US Securities Act). Whether a person is an affiliate of a company for the purposes of the US Securities Act depends on the circumstances, but affiliates can include certain officers, directors and significant shareholders. Persons who believe that they may be affiliates of Thalassa should consult their own legal advisers prior to any sale of securities received pursuant to the Scheme.

No document relating to the Offer will be posted into the US.

This Offer Document does not constitute a public offer of securities for sale in the US or a public offer to acquire or exchange securities in the US. Securities may not be offered or sold in the US absent registration or an exemption from registration. No offer to acquire securities or to exchange securities for other securities has been made, or will be made, directly or indirectly, in or into, or by use of the mails, any means or instrumentality of interstate or foreign commerce or any facilities of a national securities exchange of, the US or any other country in which such offer may not be made other than (i) in accordance with the US Securities Act, as amended, or the securities laws of such other country, as the case may be, or (ii) pursuant to an available exemption from such requirements. In particular, Thalassa Consideration Shares will only be made available in the United States to qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act) in transactions that are exempt from the registration requirements of the US Securities Act. Such shareholders will be required to make such acknowledgements and representations to, and agreements with, Thalassa as Thalassa may require to establish that they are entitled to receive Thalassa Consideration Shares.

Nothing in this Offer Document shall be deemed an acknowledgement that any SEC filing is required or that an offer requiring registration under the US Securities Act may ever occur in connection with the Offer.

The Thalassa Consideration Shares have not been, and will not be, registered under the securities laws of any state or jurisdiction in the United States and, accordingly, will only be issued to the extent that exemptions from the registration or qualification requirements of state "blue sky" securities laws are available or such registration or qualification requirements have been complied with.

US investors should closely read paragraph 16 of Part 1, as well as paragraphs 8 and 9 of Section C of Part 2 of this Offer Document, for further details. In particular, US investors should note that once the Offer is declared unconditional in all respects, Thalassa will accept all LSR Shares that have by that time been validly tendered in acceptance of the Offer and will, in accordance with the City Code, settle the relevant consideration for all such accepted LSR Shares within 14 calendar days of such date. Similarly, if the Offer is terminated or withdrawn, all documents of title will be returned to shareholders within 14 calendar days of such termination or withdrawal.

The receipt of cash pursuant to the Offer by a US LSR Shareholder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each LSR Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of accepting the Offer.

Thalassa Consideration Shares

The Thalassa Consideration Shares have not been listed on any stock exchange other than London Stock Exchange and have not been, and will not be, registered under the US Securities Act or under any laws of any state, district or other jurisdiction, of the

United States, and no regulatory clearances in respect of the Thalassa Consideration Shares have been applied for in any other jurisdiction.

The Prospectus Equivalent Document relating to the issuance of Thalassa Consideration Shares pursuant to the Offer has been published on and is available to Eligible LSR Shareholders on Thalassa's website at www.thalassaholdingsltd.com. Please note, however, that certain information on Thalassa's website may not be accessible to persons in any other Restricted Jurisdiction. The Prospectus Equivalent Document has not been and will not be submitted for approval to any market supervisory authority other than the competent authority of the UK, the FCA. Consequently, no steps may be taken that would constitute or that would result in an offer to the public of Thalassa Consideration Shares outside of the UK. The distribution of the Prospectus Equivalent Document may, in certain jurisdictions, be restricted by law, and the Prospectus Equivalent Document may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase or subscribe for Thalassa Consideration Shares, or possess or distribute the Prospectus Equivalent Document, this Offer Document or the Form of Acceptance, and must obtain any consent, approval or permission required for the purchase, offer or sale of Thalassa Consideration Shares under the applicable laws and regulations in force in any jurisdiction in which any such purchase, offer or sale is made. Thalassa is not making an offer to sell the Thalassa Consideration Shares or soliciting an offer to purchase any of the Thalassa Consideration Shares to any person in any jurisdiction in which such an offer or such solicitation is not permitted.

Cautionary note regarding forward looking statements

This Offer Document contains certain forward looking statements with respect to the financial condition, results of operations and businesses of Thalassa and LSR and their respective groups, and certain plans and objectives of Thalassa with respect to the Enlarged Group. All statements other than statements of historical fact are, or may be deemed to be, forward looking statements. Forward looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward looking statements include, among other things, statements concerning the potential exposure of Thalassa, the Thalassa Group, LSR, the LSR Group and/or the Enlarged Group to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions, including as to future potential cost savings, synergies, earnings, cash flow, return on average capital employed, production and prospects. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "should", "target", "will" and similar terms and phrases.

There are a number of factors that could affect the future operations of Thalassa, the Thalassa Group, LSR, the LSR Group and/or the Enlarged Group and that could cause results to differ materially from those expressed in the forward looking statements included in this Offer Document, including (without limitation): (a) changes in demand for Thalassa's and/or LSR's assets; (b) currency fluctuations; (c) the value of the underlying assets held by Thalassa and/or LSR; (d) risks associated with the identification of suitable potential acquisition assets and targets, and successful negotiation and completion of such transactions; and (e) changes in trading conditions.

All forward looking statements contained in this Offer Document are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward looking statements. For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to the Thalassa Group or the LSR Group, refer to the annual report and accounts of the Thalassa Group for the financial year ended 31 December 2018 and of the LSR Group for the financial year ended 30 September 2018, respectively, as well as the section entitled "Risk Factors" in the Prospectus Equivalent Document.

Unless otherwise specified, each forward looking statement speaks only as of the date of this Offer Document.

Neither Thalassa nor the Thalassa Group undertakes any obligation to publicly update or revise any forward looking statement as a result of new information, future events or otherwise, except to the extent legally required, including without limitation pursuant to the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Regulations. In light of these risks, results could differ materially from those stated, implied or inferred from the forward looking statements contained in this Offer Document.

Rounding

Certain figures included in this Offer Document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables or forms may vary slightly and figures shown as totals in certain tables or forms may not be an arithmetic aggregation of the figures that precede them.

No forecasts or estimates

No statement in this Offer Document is intended as a profit forecast, estimate or quantified financial benefits statement for any period and no statement in this Offer Document should be interpreted to mean that cash flow from operations, free cash flow, earnings or earnings per share for Thalassa, LSR or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published cash flow from operations, free cash flow, earnings or earnings per share for Thalassa or LSR as appropriate.

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.

For the purpose of this section (*Disclosure requirements of the City Code*) and the following section (*Publication on website and availability of hard copies*) of this Offer Document, "Business Day" means a day on which the London Stock Exchange is open for the transaction of business.

Publication on website and availability of hard copies

A copy of this Offer Document and the Prospectus Equivalent Document, together with those documents listed in paragraph 8 of Part 4 of this Offer Document and all information incorporated into this Offer Document by reference to another source, are available, subject to certain restrictions relating to persons resident in the United States or any other Restricted Jurisdiction, for inspection on Thalassa's website www.thalassaholdingsltd.com. For the avoidance of doubt, the contents of the websites referred to in this Offer Document are not incorporated into and do not form part of this Offer Document.

Subject to certain restrictions relating to persons in the United States or any other Restricted Jurisdiction, you may request further hard copies of this Offer Document and the Form of Acceptance by contacting the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. In addition, provided you are not located in the United States or any other Restricted Jurisdiction, you may also request

a hard copy of the Prospectus Equivalent Document by contacting the Receiving Agent in accordance with the above details. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form. A hard copy of such documents, announcements and information will not be sent unless so requested in accordance with the above.

Copies of any information incorporated into this Offer Document by reference to another source may be requested by contacting Thalassa.

This document is dated 6 March 2019.

PART 1: LETTER FROM THALASSA HOLDINGS LTD



Thalassa Holdings Ltd
Registered office:
Folio Chambers
PO Box 800
Road Town
Tortola VG1110
British Virgin Islands

Directors:

C. Duncan Soukup, Executive Chairman
Graham Cole FCA, FCISI, Non-executive Director
David Thomas, Non-executive Director

(Incorporated and registered in the British Virgin Islands with registration no. 1433759)

6 March 2019

To: LSR Shareholders

Dear LSR Shareholder,

Offer for The Local Shopping REIT Plc by Thalassa Holdings Ltd

1. Introduction

On 6 February 2019, Thalassa Holdings Ltd ("**Thalassa**") announced the terms 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 21,021,277 LSR Shares already held by Thalassa, representing approximately 25.5 per cent. of LSR's current entire issued share capital) (the "**Offer**").

The purpose of this letter and the Offer Document as a whole is to set out details of the Offer.

Acceptances of the Offer should be received as soon as possible and, in any event, by no later than 1.00 p.m. (London time) on 27 March 2019.

2. Summary of the terms of the Offer

Under the terms of the Offer, which is subject to the satisfaction (or waiver, if permitted) of the Conditions and further terms summarised below and set out in Part 2 of this Offer Document, LSR Shareholders are entitled to receive:

For each Offer Share: 14.64 pence in cash
and
0.26 Thalassa Consideration Shares

Thalassa is therefore offering a total of approximately £9 million in cash and up to 15,985,990 Thalassa Consideration Shares in consideration for the Offer Shares. The Offer includes a Mix and Match Facility which allows LSR Shareholders to elect to vary the proportion in which they receive cash and Thalassa Consideration Shares in respect of their Offer Shares, further details of which are set out below.

Based on the Proforma NAV per Thalassa Share of approximately 105.8 pence per Thalassa Share (the calculation of which is set out in Part 6), the Offer implies a proforma NAV per Offer Share of approximately 42.1 pence per share. Based on the Closing Price of a Thalassa Share of 81.5 pence per Thalassa Share on 5 March 2019 (being the Latest Practicable Date), the Offer values the Offer Shares at approximately 35.8 pence per Offer Share.

On the basis of either the Closing Price of a Thalassa Share on 5 March 2019 (being the Latest Practicable Date) or the proforma NAV per Offer Share, Thalassa's Offer will provide LSR Shareholders with the following premia:

Reference NAV	Premium based on the proforma NAV per Offer Share (%)
Audited NAV per LSR Share of 33.6p as at 30 September 2018, being the date of the last published audited accounts of LSR	25.3%
Reference price	Premium based on the Closing Price of a Thalassa Share on the Latest Practicable Date (%)
Closing Price of 27.8 pence per LSR Share on the Latest Practicable Date	28.8%
Closing Price of 28 pence per LSR Share on 8 January 2019 (being the last Business Day before commencement of the Offer Period)	27.9%
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)	22.2%
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	34.1%

Thalassa maintains 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). As set out in paragraph 9 below, the Thalassa Board has, on 5 March 2019 approved an extension to this programme. The share buy-back programme is at the discretion of the Thalassa Board in all respects.

The Offer includes a Mix and Match Facility, pursuant to which Eligible LSR Shareholders are able to elect, subject to offsetting elections, to vary the proportion in which they receive cash and Thalassa Consideration Shares in respect of their LSR Shares. The Mix and Match Facility allows Eligible LSR Shareholders to either:

- elect the "More Shares" option (equating to approximately 0.4396 Thalassa Consideration Shares for every LSR Share so elected if other LSR Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to the cash component under the terms of the Offer (being 14.64 pence per LSR Share held) in exchange for additional Thalassa Consideration Shares (being approximately 0.1796 Thalassa Consideration Shares per 14.64 pence if other LSR Shareholders make equal and opposite Mix and Match Elections) in addition to the 0.26 Thalassa Consideration Shares due; or
- elect the "More Cash" option (equating to 35.83 pence for every LSR Share so elected if other LSR Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to Thalassa Consideration Shares under the terms of the Offer (being 0.26 Thalassa Consideration Shares per LSR Share held) in exchange for additional cash (being 21.19 pence per 0.26 Thalassa Consideration Shares if other LSR Shareholders make equal and opposite Mix and Match Elections) in addition to the 14.64 pence per LSR Share due.

The ratio for making elections under the Mix and Match Facility has been determined by reference to the offer price of 35.83 pence per LSR Share.

IMPORTANT: An election under the Mix and Match Facility does not guarantee that you will receive either approximately 0.4396 Thalassa Consideration Shares under the "More Shares" option or 35.83 pence under the "More Cash" option in respect of each LSR Share so elected. Elections under the Mix and Match Facility could be scaled back pro rata, with any unsuccessful elections for the "More Cash" option or "More Shares" option being treated as an election to receive the Base Consideration of 14.64 pence and 0.26 Thalassa Consideration Shares. Adjustments to the entitlements of LSR Shareholders pursuant to the Mix and Match Elections may be made by Link Asset Services under instruction from Thalassa on a basis that Thalassa considers to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to the Mix and Match Elections as nearly as may be practicable. Such adjustments shall be final and binding on LSR Shareholders.

It should be noted that the total number of Thalassa Consideration Shares (up to 15,985,990) to be issued and the maximum aggregate amount of cash to be paid (up to £9,001,342) under the terms of the Offer will not be varied as a result of elections under the Mix and Match Facility. Satisfaction of elections made by Eligible LSR Shareholders under the Mix and Match Facility will therefore depend on the extent to which other LSR Shareholders make offsetting elections. To the extent that elections for “More Cash” or “More Shares” cannot be satisfied in full, they will be scaled down on a pro-rata basis and rounded down to the nearest whole number of LSR Shares. As a result, Eligible LSR Shareholders who make an election under the Mix and Match Facility will not necessarily know the exact number of Thalassa Consideration Shares or the amount of cash they will receive until settlement of the consideration due to them is made following the Effective Date. The Mix and Match Facility will not affect the entitlement to the Base Consideration due under the Offer to any LSR Shareholder who does not make an election under the Mix and Match Facility. Further information about the Offer and the Mix and Match Facility is provided in Section C of Part 2 of this Offer Document.

The Thalassa Consideration Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Thalassa Shares in issue at the time the Thalassa Consideration Shares are issued pursuant to the Offer, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. Applications will be made to the UKLA for the Thalassa Consideration Shares to be admitted to the Official List with a Standard Listing and to trading on the main market for listed securities of the London Stock Exchange. A total of up to 15,985,990 Thalassa Consideration Shares will be issued in connection with the Offer assuming Thalassa acquires all of the Offer Shares.

Thalassa is in the process of “passporting” the Thalassa prospectus approved by the UK Listing Authority on 1 February 2019 to the Commission de Surveillance du Secteur Financier in Luxembourg, pursuant to the Prospectus Directive, and making an application for the Thalassa Shares to be admitted to trading on the Bourse de Luxembourg (“BdL”). To the extent that the Existing Thalassa Shares are admitted to trading on the BdL prior to completion of the Offer, Thalassa will apply for the Thalassa Consideration Shares to be issued pursuant to the Offer to LSR Shareholders also to be admitted to the BdL at the same time as they are admitted to the Official List with a Standard Listing and to trading on the London Stock Exchange’s main market for listed securities.

If, after 6 February 2019 (being the date on which Thalassa announced its firm intention to make an offer for LSR pursuant to Rule 2.7 of the Code) any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the LSR Shares, Thalassa reserves the right to reduce the offer consideration by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid, in which case any reference in this Offer Document to the offer consideration for the Offer Shares will be deemed to be a reference to the offer consideration as so reduced and LSR Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital. For the avoidance of doubt, any payments made in cash or by way of the delivery of shares on the vesting of awards calculated by reference to dividends accrued in respect of those underlying vested shares are not to be construed as a dividend, distribution or return of capital for these purposes. In the event of any such dividend and/or other distribution and/or other return of capital being announced, declared or paid in respect of the LSR Shares, an appropriate adjustment will be made to the Mix and Match Facility.

3. Background to and reasons for the Offer

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.

In that regard, Thalassa observes that:

- despite an objective of “maximising the returns from the residual property portfolio through sound asset management”, the NAV per share of LSR has fallen from 159 pence as at 30 September 2007 to 33.6 pence as at 30 September 2018; and
- LSR’s public statement on 11 October 2018 as to the value LSR Shareholders might receive through a liquidation process stated that the estimated “net realisable value” (“**NRV**”) of the LSR Shares “will be between 33.0 and 34.5 pence per share”. This estimate from the LSR Board was subsequently caveated in the results announcement for the year ended 30 September 2018, announced on 10 December 2018, which noted that any “distribution is likely to be at the lower end of that range”.

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 have a long-term track record of successfully deploying capital and believe 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 described below, 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 Thalassa Board believe the results of LSR's general meeting of 12 December 2018 indicate the desire of a significant proportion of LSR Shareholders to realise or exit their investment in LSR. Against this backdrop, Thalassa has decided proactively to address these concerns and protect its investment in LSR from further value erosion by making this Offer. The Thalassa Board believes that the Offer represents an attractive opportunity for LSR Shareholders to exit their investment in 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. The Thalassa Board notes that on 5 March 2019 it approved an extension to its share buy-back programme for up to £6.0 million of Thalassa Shares, providing additional liquidity in the trading of Thalassa Shares. Further details of the share buy-back programme are set out in paragraph 9 of this Part 1.

Thalassa notes LSR's commentary on the terms of the Offer in its announcement of 6 February 2019, in particular that the cash element of the consideration payable under the terms of the Offer is significantly less than the amount that LSR would have sought to return to its shareholders through the members' voluntary liquidation at the end of 2018. The Thalassa Board has considered this comment and wishes to highlight the following to LSR Shareholders:

- the Offer presents a certain, deliverable exit opportunity for LSR Shareholders with a cash component;
- the overall value per Offer Share of 35.8 pence (based on a Closing Price of a Thalassa Share of 81.5 pence on the Latest Practicable Date) is a 8.5% premium to the minimum NRV of 33.0p per LSR Share announced by LSR on 11 October 2018;
- LSR Shareholders can potentially increase the cash component payable to them pursuant to the Mix and Match Facility; and
- Thalassa's active share buy-back programme provides liquidity in Thalassa Shares.

For the above reasons, the Thalassa Board believes the Offer presents a solution to the inertia offered by the LSR Board by means of an exit from their LSR shares that includes a cash component and which is capable of being delivered at no direct cost to LSR Shareholders, thereby protecting the intrinsic value of their LSR Shares. The Board of Thalassa does not believe that this is the case should the Offer not succeed and the status quo remain, given the cost burden on LSR.

4. Intentions of Thalassa with regard to LSR's business, employees, pension scheme and share options

Thalassa has not been provided with access to LSR's management or internal LSR data and therefore has only undertaken diligence from publicly available information. Accordingly, Thalassa has not undertaken any substantial analysis in order to formulate detailed plans or intentions regarding the impact of the Offer on the LSR business.

The Thalassa Board questions the benefit of incurring the unnecessary cost of a liquidation of LSR. Upon the Offer becoming or being declared unconditional in all respects, opportunities to enhance shareholder value, either from the existing assets or a corporate action that can be concluded in a timely and efficient manner will be taken into consideration. These could include:

- maintain LSR as a listed REIT and consider whether the best way to maximise shareholder value is to retain its remaining portfolio of assets and add to them;
- maintain LSR as a listed REIT but decide to realise its remaining portfolio of assets and extract any surplus cash in LSR such that it is left as a shell company with sufficient resources to enable it to maintain its listing and then seek to enter into a transaction whereby a property business or a group of property assets is reversed into LSR, thereby utilising its REIT status; or
- cancel LSR's listing (which may be as a result of Thalassa's final shareholding in LSR and/or challenges with regard to either LSR's or Thalassa's continued eligibility for listing), which could ultimately result in the re-registration of LSR as a private company in which circumstance LSR would become a wholly owned subsidiary of Thalassa and a decision would then be made as to the best use of LSR and its remaining portfolio of assets as a member of the Enlarged Group.

As soon as practicable following the Offer becoming or being declared unconditional in all respects, Thalassa intends to, subject to LSR Shareholders' approval if required, effect the following changes:

- review all contractual arrangements of LSR with a view to minimising costs, including but not limited to cancellation or renegotiation of existing contracts as necessary;
- review the status of the planned sale of LSR's investment portfolio (being its sole fixed assets) with a view to concluding, in light of poor real estate market conditions, whether their realisation at this time is in the best interests of LSR;

- to seek the resignation of each existing LSR Director and the appointment of Thalassa nominees as directors of LSR, with further appointments of qualified independent directors to follow as necessary. Thalassa also confirms that it has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with the directors of LSR; and
- review and potentially amend the investment strategy of LSR as necessary, dependent upon the new Board's ability to identify and execute a reverse takeover transaction to unlock the latent value of the existing REIT structure, which will be executed and managed without expensive external consultants or investment advisers. To this end Thalassa agrees to waive all management and advisory fees, including directors' fees for any Thalassa representatives until such time as a new strategy has been successfully implemented.

Thalassa also makes the following further statements of intention in accordance with Rule 24.2 of the City Code:

- LSR has no employees and consequently Thalassa has no intention to make changes regarding the continuing employment, balance of skills and functions, and places of business of LSR's employees;
- LSR has, in of itself, no place of business other than that occupied by its portfolio manager, PrinREE. In the short-term, in order to reduce costs to a minimum, Thalassa intends that LSR be managed from Thalassa's Wiltshire offices;
- as far as Thalassa is aware, LSR does not maintain any pension schemes and accordingly Thalassa has no intentions in this regard; and
- LSR has no R&D function and accordingly Thalassa has no intentions in this regard.

Save as stated above, the Thalassa Board does not currently envisage any other changes in relation to any redeployment of LSR's existing material fixed assets.

Thalassa understands from LSR that all outstanding options under the LSR Share Schemes have been exercised and the relevant option holders have each been issued with the resulting number of LSR Shares.

5. No access to LSR's non-public information

Thalassa and its advisers have not had access to LSR's non-public information or documentation and accordingly have not performed any due diligence on such information or documentation. All information relating to LSR and the LSR Group has been sourced from publicly available information and has not been subject to comment or verification by LSR or the LSR Board.

6. Information on Thalassa

Thalassa was incorporated on 26 September 2007 in the British Virgin Islands and was admitted to trading on AIM on 29 July 2008. On 6 February 2019, the Existing Thalassa Shares were admitted to the Official List with a Standard Listing and to trading on the London Stock Exchange's main market for listed securities. At the same time, Thalassa cancelled the trading of the Existing Thalassa Shares on AIM.

Thalassa's strategy, as approved by a shareholder resolution dated 23 April 2009, is to identify, acquire, integrate and develop businesses which the Thalassa Directors consider have potential for capital appreciation. Thalassa has successfully delivered on this strategy, most recently completing the disposal of the business and assets of the WGP Group Limited. The Thalassa Board has overseen an increase in NAV per Thalassa Share of approximately 204 per cent. since 31 December 2008 on a sterling basis.

Thalassa's current investments are:

- 100 per cent. of Autonomous Robotics Limited ("**ARL**") a technology company which is next generation ocean bottom sensing and data acquisition technology using autonomous underwater vehicles, based in Warminster, Wiltshire; and
- 21,021,277 LSR Shares, representing approximately 25.5 per cent. of LSR's voting rights.

Thalassa first invested in LSR on 9 September 2016 and currently holds 21,021,277 LSR Shares, representing approximately 25.5 per cent. of LSR's voting rights.

Thalassa is in the process of "passporting" the Thalassa prospectus approved by the UK Listing Authority on 1 February 2019 to the Commission de Surveillance du Secteur Financier in Luxembourg, pursuant to the Prospectus Directive, and making an application for the Thalassa Shares to be admitted to trading on the Bourse de Luxembourg ("**BdL**"). To the extent that the Existing Thalassa Shares are admitted to trading on the BdL prior to completion of the Offer, Thalassa will apply for the Thalassa Consideration Shares to be issued pursuant to the Offer to LSR Shareholders also to be admitted to the BdL at the same time as they are admitted to the Official List with a Standard Listing and to trading on the London Stock Exchange's main market for listed securities.

7. Information on LSR

LSR is a Real Estate Investment Trust invested in a portfolio principally comprising local shopping assets in urban and suburban centres throughout the UK. LSR was founded in January 2005 with the objective of building a portfolio of properties and letting units in the convenience shopping market. LSR was floated on the London Stock Exchange in May 2007 and its ordinary shares are listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

In the latter part of 2007, LSR adjusted its property purchasing programme in response to the downturn in the UK property market, focusing activities on active asset management. From 2009, LSR developed its asset management proposition and established a number of joint ventures to complement its wholly-owned portfolio. In July 2013, following a strategic review, LSR's shareholders resolved to change the LSR's investment policy to enable the orderly liquidation of assets, the repayment of debt and the return of the remaining capital to shareholders and appointed PrinREE to manage this process.

On 11 October 2018, LSR announced a potential NRV in liquidation to its shareholders of between 33.0 and 34.5 pence per share. Although unaudited, these figures represented a professional liquidator's view of NRV for LSR. On 16 November 2018, LSR published a circular and notice convening a general meeting held on 12 December 2018 to consider a resolution that LSR should enter into a solvent MVL. On 12 December 2018, the resolution to approve the MVL was not approved, with Thalassa voting against such proposals.

For the year ended 30 September 2018, LSR made a loss for the year of £7.3 million on an IFRS basis with LSR's portfolio of assets being valued at £22.3 million. LSR's net asset value as at 30 September 2018 was £27.7 million having been £34.8 million as at 30 September 2017.

On 12 February 2019, LSR announced that it had approximately £21.2 million in cash reserves and sales of properties in respect of which contracts had been exchanged expected to generate a further £2.2 million in net sales proceeds. Excluding those properties on which sale contracts had been exchanged, LSR's remaining property portfolio comprises 12 properties. Of these, 6 properties are under offer for sale and LSR intend to continue to market these properties for sale, both by private treaty and auction. The aggregate carrying value ascribed by LSR to those remaining 12 properties is £4 million, but LSR notes that there is no certainty that these carrying values will be achieved on sale. LSR state that the term "carrying value" which is used when the above details were announced by LSR refers to the property values comprised in the LSR's audited accounts as at 30 September 2018, adjusted for subsequent capital expenditure.

8. Impact of Offer on Thalassa

Thalassa does not believe that the Offer will lead to a change in its own strategy, being to make investments across industries and market sectors where, in the opinion of the Thalassa Board, compelling opportunities present themselves. The Offer will not have an impact on the continued employment of Thalassa's employees and management of Thalassa or of its subsidiaries, Thalassa's headquarters and headquarter functions and it is not expected that the Offer will lead to changes to the conditions of employment or in the balance of the skills and functions of Thalassa employees and management.

Thalassa currently has one R&D business, ARL, which is in late stage pre-production development. Thalassa's strategy is to fund ARL through "proof of concept" and then seek external development capital to assist in the further development and production of a commercial product. As LSR has no R&D function, the Offer will have no effect on the R&D function of Thalassa.

The Thalassa Board does not anticipate any changes to the locations of Thalassa's places of business as a result of the Offer.

The impact of Thalassa's earnings as a result of the Offer will be dependent on the future value of the assets held by LSR as any movement in fair value will be carried through Thalassa's income statement. The Offer will result in Thalassa's consolidated balance sheet being increased by an amount equal to the fair value of the net assets acquired in LSR less the carrying value of the investment in LSR prior to the Offer and increased by the goodwill on acquisition accounted for in accordance with IFRS 3 (step acquisition). In addition, Thalassa's consolidated assets would also be decreased to reflect the cash used to fund the Offer.

9. Thalassa's Share Capital and Listing

Share Buy-back Programme

Thalassa has pursued a buy-back programme since 11 September 2014 and, as at the Latest Practicable Date, a total of 4,803,590 Thalassa Shares have been bought back pursuant to this programme for a total cost of approximately £4.2 million or an average price of 88.01 pence per share. Thalassa announced the resumption of the buy-back programme on 8 February 2019, after making the Announcement and the release of Thalassa's preliminary results for the year ended 31 December 2018.

On 5 March 2019, the Thalassa Board authorised a new buy-back authority, authorising the buy-back of up to £6,000,000 of Thalassa Shares. Thalassa intends to maintain the buy-back programme for the foreseeable future and after completion of the Offer which the Thalassa Directors believe will continue to provide liquidity for Thalassa Shareholders who wish to realise their investment in Thalassa.

Thalassa Preference Shares

Thalassa announced on 4 October 2018 that each shareholder of Thalassa was issued with one Thalassa Preference Share for each ordinary share held in Thalassa as at the record date of 30 September 2018. The key features of the Thalassa Preference Shares are that (i) they are unquoted; (ii) they are uncertificated; (iii) they are non-transferable (meaning both that the Thalassa Preference Share is not transferable or tradeable itself and, in the event that a Thalassa Shareholder disposes of any Thalassa Shares, the corresponding Thalassa Preference Shares will be cancelled and will not be transferred to the transferee of such Thalassa Shares); and (iv) they are without any shareholder rights (including as to any return on a winding up or other realization event for Thalassa) other than so as to provide the shareholder holding such Thalassa Preference Share with 10 votes per share in addition to his existing one vote per ordinary share.

If the Offer is successful, the Thalassa Board will authorise the cancellation of the Preference Shares. The Thalassa Directors believe that in the circumstances of Thalassa acquiring control of LSR and thereby deploying a certain amount of its cash resources, the original rationale and benefit of the Preference Shares falls away.

Thalassa Listing

As a result of the Offer, Thalassa will be undertaking a reverse takeover for the purposes of the Listing Rules. In making the Offer, Thalassa does not intend to change its own listing category. Accordingly, Thalassa will need to re-confirm its eligibility for Standard Listing pursuant to Listing Rule 5.6.23(G) in light of the Offer. The UKLA is responsible for considering Thalassa's continued eligibility for Standard Listing upon completion of the Offer. There is a risk that the outcome of the UKLA's eligibility review will be that Thalassa is no longer eligible for Standard Listing or indeed under any other listing category of the Official List. In those circumstances, Thalassa's listing may be cancelled. If that were to be the case, Thalassa would consider what options may be open to it (such as a corporate action or a potential change to its own listing category or trading venue) so as to ensure it can remain a listed or quoted business. Dependent on the nature of any potential corporate action that the Thalassa Board may contemplate in such circumstances, there may be a suspension of Thalassa's Shares. The length of any such suspension will vary depending on the circumstances and it may be that after any such period of suspension the listing of Thalassa's shares is cancelled. It may be that the Board is unable to undertake any such corporate action which allows Thalassa's shares to be traded on any exchange or market for quoted or listed securities. If Thalassa's shares (i) are cancelled from listing; (ii) cease to be traded on any exchange; or (iii) are no longer quoted, any one of those scenarios would materially reduce liquidity in such shares which may affect a Thalassa Shareholder's ability to realise some or all of its investment and/or the price at which such Thalassa Shareholder can effect such realisation. There is unlikely to be a market for Thalassa's shares where they cease to be listed, traded or quoted.

As described in paragraph 6 of this Part I above, Thalassa is in the process of "passporting" its prospectus dated 1 February 2019 and making an application for the Thalassa Shares to be admitted to trading on the Bourse de Luxembourg ("BdL"). In the event that Thalassa's Standard Listing is suspended or cancelled in the circumstances set out above, any such listing on the BdL would also be cancelled or suspended, as applicable.

10. Intentions regarding compulsory acquisition and continued listing of LSR Shares

Thalassa's intentions with regard to the continued listing of LSR on the premium segment of the main market of the London Stock Exchange is dependent on the level of valid acceptances received by Thalassa pursuant to the Offer. As noted above in paragraph 9 of Part I, Thalassa itself will be required to undertake a new eligibility process in respect of its own listing and the Thalassa Board will need to consider the impact of the outcome of the Offer and Thalassa's final shareholding in LSR in that context. At this stage, the Thalassa Board's preference would be to retain LSR's listing.

Accordingly, if, as a result of valid acceptances of the Offer by LSR Shareholders, and together with its existing shareholding in LSR, Thalassa's aggregate shareholding upon completion of the Offer is in excess of 75 per cent. of the entire issued share capital of LSR, but less than 90 per cent., the Thalassa Board would consider undertaking a corporate action or re-organisation such that LSR continues to be able to meet the "shares in public hands" eligibility requirement under the Listing Rules. In the meantime, Thalassa would seek to ensure that LSR continues to comply with its other continuing obligations under the Listing Rules as a premium listed closed ended investment company. In these circumstances, Thalassa also intends that LSR will retain its REIT status.

Only should it not be viable or practicable to maintain the listing of LSR Shares subsequent to the Offer would Thalassa procure that LSR seeks cancellation of trading of LSR Shares on the premium segment of the main market of the London Stock Exchange.

In the event that Thalassa acquires in excess of 75 per cent. of the entire issued share capital of LSR, is unable to complete a corporate action or re-organisation referred to above and wishes to cancel the continued listing of the LSR Shares, Thalassa will,

in such circumstances, comply with Listing Rule 5.2.5 and send a circular to LSR Shareholders seeking the approval of 75% of shareholders in general meeting for such a resolution to cancel the listing.

In the event that Thalassa acquires in excess of 90 per cent. of the entire issued share capital of LSR, Thalassa will provide LSR Shareholders with at least 20 Business Days' notice of the intended date of cancellation, such period to commence on the first date on which notices are sent to LSR Shareholders pursuant to section 979 of the Companies Act 2006.

Compulsory acquisition of LSR Shares

If Thalassa receives acceptances under the Offer in respect of, or otherwise acquires, 90 per cent. or more in nominal value and of the voting rights of the LSR Shares to which the Offer relates and if all other conditions of the Offer have been satisfied or waived (to the extent that they are capable of being waived), Thalassa may choose to consolidate LSR into Thalassa and will consider exercising its rights pursuant to the provisions of Chapter 3 of Part 28 of the Companies Act 2006 to acquire compulsorily on the same terms as the Offer any remaining LSR Shares not acquired or agreed to be acquired pursuant to the Offer or otherwise. In such case, Thalassa may also seek to re-register LSR as a private company.

Delisting of the LSR Shares and the re-registration of LSR as a private limited company would significantly reduce the liquidity and marketability of any LSR Shares in respect of which the Offer has not been accepted at that time. Any remaining LSR Shareholders would become minority shareholders in a majority controlled private limited company and may therefore be unable to sell their LSR Shares. There can be no certainty that LSR would pay any further dividends or other distributions or that such minority LSR Shareholders would again be offered an opportunity to sell their LSR Shares on terms which are equivalent to or no less advantageous than those under the Offer.

11. Financing

The maximum cash consideration payable should all LSR Shareholders accept the Offer and elect to receive cash in respect of their LSR Shares is approximately £9 million which will be funded from Thalassa's existing cash resources.

finnCap Ltd is satisfied that the resources available to Thalassa are sufficient to satisfy in full the cash consideration element of the Offer Consideration.

12. Prospectus Equivalent Document

The Prospectus Equivalent Document relating to the issuance of Thalassa Consideration Shares pursuant to the Offer has been published and is available to Eligible LSR Shareholders on Thalassa's website at www.thalassaholdingsltd.com.

The Prospectus Equivalent Document contains information relating to the Thalassa Group, LSR, the Enlarged Group and the Thalassa Consideration Shares. LSR Shareholders (other than the Restricted LSR Shareholders) who wish to receive a hard copy of the Prospectus Equivalent Document should contact the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. LSR Shareholders should carefully read the terms of the Prospectus Equivalent Document before deciding to accept the Offer or determining whether to elect to receive more Thalassa Consideration Shares pursuant to the terms of the Mix and Match Facility. Please note, however, that certain information on Thalassa's website may not be accessible to persons in the United States or any other Restricted Jurisdiction.

13. Admission of Thalassa Consideration Shares

The Offer is conditional on Thalassa receiving a confirmation that the application for the admission of the Thalassa Consideration Shares to the Official List with a Standard Listing and to trading of the Thalassa Consideration Shares on the London Stock Exchange's main market for listed securities has been approved. This Condition is set out at Condition (b) in Section A of Part 2 of this Offer Document and cannot be waived.

It is anticipated that Thalassa will submit an application for the admission of the Thalassa Consideration Shares to the Official List with a Standard Listing and to trading on the London Stock Exchange's main market for listed securities prior to the Effective Date. It is expected that the admission of Thalassa Consideration Shares to the Official List with a Standard Listing and trading on the London Stock Exchange's main market for listed securities will become effective on or shortly after 8.00 a.m. on the Effective Date.

As noted above in paragraph 6 of this Part 1, if and to the extent that the Existing Thalassa Shares are admitted to trading on the BdL prior to completion of the Offer, Thalassa will apply for the Thalassa Consideration Shares to be issued pursuant to the Offer to LSR Shareholders also to be admitted to the BdL at the same time as they are admitted to the Official List with a Standard Listing and to trading on the London Stock Exchange's main market for listed securities.

14. Conditions and timetable

Part of this Offer Document sets out the Conditions and further terms to which the Offer is subject. Under Rule 31.7 of the City Code, except with the consent of the Panel, all the Conditions must be satisfied or waived by Thalassa or the Offer will 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. Rule 31.7 also provides that the Panel's consent to an extension will normally only be granted, broadly, if the outstanding condition involves a material official authorisation or regulatory clearance relating to the transaction.

If the Offer becomes or is declared unconditional as to acceptances and, subsequently, becomes or is declared unconditional in all respects, the Offer will remain open for acceptances for at least 14 days following the date on which the Offer becomes or is declared unconditional as to acceptances.

The Offer is conditional on, among other things, Thalassa securing valid acceptances of the Offer in respect of Offer Shares which, taken together with all other LSR Shares owned or acquired, directly or indirectly, by Thalassa, carry in aggregate more than 50 per cent. of the voting rights in LSR.

15. Taxation

For LSR Shareholders in the United Kingdom, your attention is drawn to Part 3 of this Offer Document. If you are in any doubt as to your tax position, or if you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult your own independent tax adviser without delay.

16. Overseas Shareholders

The attention of LSR Shareholders who are citizens or residents of jurisdictions outside the United Kingdom or who are holding shares for such citizens or residents and any person (including, without limitation, any custodian, nominee or trustee) who may have an obligation to forward any document in connection with the Offer outside the United Kingdom is drawn to Sections C, D and/or E of Part 2 of this Offer Document and, in respect of LSR Shares held in certificated form, to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

The availability of the Offer to LSR Shareholders who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdiction. If you remain in any doubt, you should consult your professional adviser in the relevant jurisdiction without delay.

17. Procedure for acceptance of the Offer

This paragraph should be read in conjunction with Sections C, D and/or E of Part 2 of this Offer Document and, in respect of LSR Shares held in certificated form (that is, not in CREST), the notes on the accompanying Form of Acceptance, which shall be deemed to be incorporated into, and form part of, the terms of the Offer.

Different procedures for acceptance apply depending upon whether your LSR Shares are held in certificated or uncertificated form (that is, within CREST).

(a) LSR Shares held in certificated form (that is, not in CREST)

(i) General

You should complete separate Forms of Acceptance for LSR Shares held in certificated form but under different designations. If you have any queries as to how to complete the Form of Acceptance, please telephone the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Additional Forms of Acceptance are available from the Receiving Agent upon request.

(ii) Completion of the Form of Acceptance

If you hold your LSR Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Offer in respect of those LSR Shares, you should complete, sign and return the enclosed Form of Acceptance in accordance with the relevant instructions set out in this paragraph 17 below, in Section D of Part 2 of this Offer Document and in the Form of Acceptance.

(A) To accept the Offer to receive the Base Consideration:

You must complete Box I by inserting the total number of certificated LSR Shares held by you in respect of which you wish to accept the Offer, whether or not you wish to make an election under the Mix and Match Facility. Note this must be in respect of a whole number of LSR Shares.

In addition:

- (1) an individual must sign the Form of Acceptance in accordance with the instructions set out in Step 5A in the presence of a witness, who must also sign the Form of Acceptance in accordance with the instructions set out in Step 5A; or
- (2) a company must execute the Form of Acceptance in accordance with the instructions set out in Step 5B.

If you do not insert a number in Box 1 of the Form of Acceptance, you will be deemed to have accepted the Offer in respect of the number of LSR Shares printed in Box A of the relevant Form of Acceptance. If you enter in Box 1 the word "ALL" or any other word or marking or a number which is greater than the number of LSR Shares that you hold and you have signed Box 5A or Box 5B, you will be deemed to have accepted the Offer in respect of the greater of: (i) your entire holding of LSR Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the relevant Form of Acceptance is processed by them; (ii) your entire holding of LSR Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Form(s) of Acceptance, which can be taken into account in determining whether the Offer is unconditional as to acceptances; and (iii) the number of LSR Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

(B) To make an election under the Mix and Match Facility:

To make an election under the Mix and Match Facility you must first accept the Offer in accordance with the instructions set out in paragraph 17(a)(ii)(A) above. Having done so, you must then complete **EITHER** Box 2A **OR** Box 2B of the Form of Acceptance. Under the Mix and Match Facility, you may, subject to availability, elect to receive either additional Thalassa Consideration Shares only or additional cash only in respect of some or all of your LSR Shares. **YOU MUST NOT THEREFORE COMPLETE BOTH BOX 2A AND BOX 2B.** If you complete both Box 2A and Box 2B, you will be deemed not to have made a valid election under the Mix and Match Facility and you will be deemed to have accepted the Offer to receive the Base Consideration in respect of the number of LSR Shares inserted or deemed to be inserted in Box 1.

(1) To elect for more Thalassa Consideration Shares:

If you wish to receive additional Thalassa Consideration Shares in lieu of cash to which you would be entitled under the Offer to receive the Base Consideration, you must put either "ALL" or the relevant number of LSR Shares (which must be a whole number) in respect of which you wish to receive additional Thalassa Consideration Shares in Box 2A.

(2) To elect for more cash:

If you wish to receive additional cash in lieu of the Thalassa Consideration Shares to which you would otherwise be entitled under the Offer to receive the Base Consideration, you must put either "ALL" or the relevant number of LSR Shares (which must be a whole number) in respect of which you wish to receive additional cash in Box 2B.

If you make a Mix and Match Election in respect of some (but not all) of your LSR Shares, you will receive the Base Consideration in respect of the balance of your LSR Shares.

A Form of Acceptance received after the closing date of the Mix and Match Facility (if one is specified) but before the Closing Date will be taken to constitute an acceptance of the Offer to receive the Base Consideration (but not a valid election under the Mix and Match Facility).

The invalidity of an election under the Mix and Match Facility will not affect the validity of an acceptance of the Offer. Eligible LSR Shareholders tendering a valid acceptance of the Offer but an invalid election under the Mix and Match Facility will be taken to have accepted the Offer to receive the Base Consideration.

(iii) Return of the Form of Acceptance

To accept the Offer in respect of LSR Shares held in certificated form (including in respect of an election under the Mix and Match Facility, if any), the completed, signed and (where applicable) witnessed Form of Acceptance should be returned by post or by hand (during normal business hours) to the Receiving Agent, Link Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, together (subject to paragraph 17(a)(iv) below) with the relevant share certificate(s) and/or other document(s) of title, **as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 27 March 2019.** A pre-paid envelope (valid for posting in the UK only) is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope post-marked in the United States or in any other Restricted Jurisdiction or otherwise appearing to Thalassa or its agents to have been sent from the United States or any other Restricted Jurisdiction may be rejected, unless the requirements for eligibility to participate in the Offer have, in Thalassa's sole judgement, been met.

For further information on LSR Shareholders resident overseas, see paragraph 16 above of this Part 1.

(iv) Share certificates not readily available or lost

If your LSR Shares are held in certificated form, a completed, signed and (where applicable) witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If for any reason the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and lodge a Form of Acceptance as stated above by post or by hand (during normal business hours) to the Receiving Agent, Link Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received not later than 1.00 p.m. on 27 March 2019. You should send with such Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available, accompanied by a letter stating that the remaining documents will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title.

If subsequently available, you should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible. If you have lost your share certificate(s) and/or other document(s) of title, you should as soon as possible write to or telephone LSR's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, on 0371 384 2030 (or from outside the United Kingdom on +44 121 415 7047), requesting a letter of indemnity for the lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post or (during normal business hours) by hand to the Receiving Agent as stated above.

(v) Validity of acceptances

Without prejudice to Sections C and D of Part 2 of this Offer Document, subject to the provisions of the City Code, Thalassa reserves the right to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. In such event, no settlement of the consideration under the Offer will be made until after the relevant share certificate(s) and/or other document(s) of title or indemnities reasonably satisfactory to Thalassa have been received.

(b) LSR Shares held in uncertificated form (that is, in CREST)

(i) General

If your LSR Shares are held in uncertificated form, to accept the Offer and to make an election under the Mix and Match Facility, if desired, you should take (or procure the taking of) the actions set out below to transfer those LSR Shares in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying the Receiving Agent (in its capacity as a CREST participant under the Escrow Agent's participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. on 27 March 2019. Note that settlement cannot take place on weekends or UK bank holidays (or other times at which the CREST system is non-operational) - you should therefore ensure you time the input of any TTE instructions accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph will (subject to satisfying the requirements set out in Section E of Part 2) constitute an acceptance of the Offer in respect of the number of LSR Shares in uncertificated form so transferred to escrow.

If you are a CREST sponsored member, you should contact your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instructions(s) to Euroclear in relation to your LSR Shares.

After settlement of a TTE instruction, you will not be able to access the LSR Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the LSR Shares concerned in accordance with paragraph (e)(i) of Section E of Part 2 to this Offer Document.

You are recommended to refer to the CREST Manual issued by Euroclear for further information on the CREST procedure outlined below.

You should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your LSR Shares

to settle as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 27 March 2019. You are referred in particular to those sections of the CREST Manual concerning the practical limitations of the CREST system and timings.

(ii) To accept the Offer to receive the Base Consideration:

To accept the Offer to receive the Base Consideration in respect of some or all of your LSR Shares, you should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a Basic Offer TTE Instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- the number of LSR Shares in respect of which you wish to accept the offer (such LSR Shares to be transferred to an escrow balance);
- the ISIN number for the LSR Shares which is GB00B1VS7G47;
- your member account ID;
- your participant ID;
- the participant ID of the Escrow Agent (this is RA10), acting in its capacity as the CREST Receiving Agent;
- the relevant member account ID of the Escrow Agent, (this is THALOC01);
- the intended settlement date (this should be as soon as possible and in any event not later than 1.00 p.m. on 27 March 2019);
- the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear);
- input with standard delivery instruction priority of 80; and
- the contact name and telephone number of the accepting LSR Shareholder inserted in the shared note field.

(iii) To make an election under the Mix and Match Facility

To accept the Offer and make an election under the Mix and Match Facility, you should send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) a Mix and Match TTE Instruction (but not a Basic Offer TTE Instruction) to Euroclear in relation to such shares, in accordance with EITHER paragraph (A) OR paragraph (B) below. Under the Mix and Match Facility, you may, subject to availability, elect to receive either additional Thalassa Consideration Shares only or additional cash only in respect of some or all of your LSR Shares. YOU MUST NOT THEREFORE INDICATE THAT YOU WOULD LIKE TO RECEIVE ADDITIONAL THALASSA CONSIDERATION SHARES **AND** ADDITIONAL CASH. If you do so, you will be deemed not to have made a valid election under the Mix and Match Facility and you will be deemed to have accepted the Offer to receive the Base Consideration in respect of the number of LSR Shares in respect of which the Mix and Match TTE Instruction relates.

(A) To elect for more Thalassa Consideration Shares:

You should adopt the same procedures as apply in respect of a Basic Offer TTE Instruction, but with the following variations:

- (1) in the field relating to the number of LSR Shares to be transferred to escrow, you should insert the number of shares in respect of which you wish to make an election under the Mix and Match Facility for additional Thalassa Consideration Shares only; and
- (2) the member account ID of the Escrow Agent for such election is 20084SHS.

(B) To elect for more cash:

You should adopt the same procedures as apply in respect of a Basic Offer TTE Instruction, but with the following variations:

- (1) in the field relating to the number of LSR Shares to be transferred to escrow, you should insert the number of shares in respect of which you wish to make an election under the Mix and Match Facility for additional cash only; and
- (2) the member account ID of the Escrow Agent for such election is 20084CSH.

If you make a Mix and Match Election in respect of some (but not all) of your LSR Shares, you will need to send (or procure the sending of) a Basic Offer TTE Instruction in respect of the balance of your LSR Shares in order to receive the Base Consideration under the Offer in respect of such balance of your LSR Shares.

A Mix and Match TTE Instruction which settles after the closing date of the Mix and Match Facility (if one is specified) but before the Closing Date will be deemed to be an acceptance of the Offer to receive the Base Consideration (but not a valid election under the Mix and Match Facility).

The invalidity of an election under the Mix and Match Facility will not affect the validity of an acceptance of the Offer. Eligible LSR Shareholders tendering a Mix and Match TTE Instruction which is a valid acceptance of the Offer but an invalid election under the Mix and Match Facility will be taken to have accepted the Offer to receive the Base Consideration.

(iv) Validity of acceptances

Holders of LSR Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of the Offer as at 27 March 2019 if it has settled on or before 1.00 p.m. on that date or, if later, as at the Closing Date if it has settled on or before 1.00 p.m. on that date. **A Form of Acceptance which is received in respect of LSR Shares held in uncertificated form may be treated as an invalid acceptance of the Offer and may be disregarded.**

(v) General

Normal CREST procedures (including timings) apply in relation to any LSR Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of LSR Shares or otherwise). LSR Shareholders who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other documents of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 27 March 2019.

If you are in any doubt as to the procedure for acceptance of the Offer, please contact the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. You are reminded that, if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

18. Financial effects of the Offer

The following table sets out, for illustrative purposes only, and on the bases and assumptions set out in the notes below, the financial effects on the capital value for a holder of one LSR Share assuming the Offer becomes unconditional in all respects. It compares the value of the number of Thalassa Consideration Shares and the amount of cash consideration to be issued or paid (respectively) under the Offer in respect of one LSR Share with the value of one LSR Share on 8 January 2019 (being the last Business Day before the commencement of the Offer Period). It assumes no election is made under the Mix and Match Facility. In assessing the financial effects of the Offer, no account has been taken of any potential liability to taxation of a LSR Shareholder. Neither Thalassa nor LSR have proposed to pay a dividend for their respective financial years to 31 December 2018 and 30 September 2018 respectively and accordingly acceptance of the Offer will not have an effect on the income position of an LSR Shareholder.

Financial Effects of The Offer on capital value

	Notes	A	B
Market value of 0.26 Thalassa Consideration Shares	(1)	21.19p	21.19
Cash consideration		14.64p	14.64
Total value of consideration in respect of one LSR Share		35.83p	35.83
Less: market value of one LSR Share	(2)	(28.00p)	(27.80)
Increase in capital value		7.83p	8.03
Percentage increase in capital value		22%	22%

Notes:

(1) The market value of the Thalassa Consideration Shares is based on the Closing Price of:

(i) in column (A), 81.5 pence per Thalassa Share as at the close of business on 8 January 2019; and

(ii) in column (B), 81.5 pence per Thalassa Share as at the close of business on the Latest Practicable Date.

- (2) *The market value of one LSR Share is based on the Closing Price of:*
- (i) *in column (A), 28.0 pence per LSR Share as at the close of business on 8 January 2019; and*
 - (ii) *in column (B), 27.8 pence per LSR Share as at the close of business on the Latest Practicable Date.*

Nothing in this paragraph 18 shall be construed as a profit forecast or be interpreted to mean that the future earnings per share, profits, margins or cash flows of Thalassa will necessarily be greater or less than the historical published earnings per share, profits, margins or cash flows of Thalassa.

19. Settlement

Subject to the Offer becoming or being declared unconditional in all respects (and except as provided in paragraph 8 of Section C of Part 2 of this Offer Document in the case of certain Overseas Shareholders), settlement of the consideration to which any LSR Shareholder (or the first-named shareholder in the case of joint holders) is entitled under the Offer will be effected: (a) in the case of acceptances received, complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects, within 14 calendar days of such date; and (b) in the case of acceptances received, complete in all respects, after such date but prior to the Closing Date, within 14 calendar days of such receipt, in the following manner:

(i) LSR Shares in certificated form (that is, not in CREST)

Where an acceptance relates to LSR Shares in certificated form, settlement of any cash due will be despatched by first class post (or such other method as may be approved by the Panel) to accepting LSR Shareholders or their appointed agents (but not into the United States or any other Restricted Jurisdiction unless Thalassa, in its sole discretion, determines otherwise). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

Where an acceptance relates to LSR Shares in certificated form, any Thalassa Consideration Shares to which the accepting LSR Shareholder is entitled will be issued to such LSR Shareholder in certificated form. Definitive share certificates for the Thalassa Consideration Shares will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting LSR Shareholders or their appointed agents or nominees (but not to any address in the United States or any other Restricted Jurisdiction unless Thalassa is satisfied in its sole discretion that the Thalassa Consideration Shares can be offered, sold or delivered to such shareholder, or for such shareholder's account or benefit, pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the applicable jurisdiction, and in the case of the United States, the US Securities Act).

(ii) LSR Shares in uncertificated form (that is, in CREST)

Where an acceptance relates to LSR Shares in uncertificated form, settlement of entitlements to cash will be paid by means of a CREST payment in favour of the accepting LSR Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST assured payment arrangements. Thalassa reserves the right to settle all or part of the cash consideration referred to in this paragraph 19(ii) for all or any LSR Shareholders who make a valid election to receive cash in the manner set out in respect of cash settlement in paragraph 19(i) above.

Where an acceptance relates to LSR Shares in uncertificated form, settlement of any Thalassa Consideration Shares due will be delivered to LSR Shareholders through CREST. Thalassa shall procure that Euroclear is instructed to credit the appropriate stock account in CREST of the relevant LSR Shareholder (or his appropriately authorised nominee) with such relevant LSR Shareholder's entitlement to Thalassa Consideration Shares.

20. General

- (a) If the Offer does not become or is not declared unconditional in all respects:
- (i) in the case of LSR Shares held in certificated form, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 calendar days of the Offer lapsing to the person or agent whose name and address (outside the United States or any other Restricted Jurisdiction) is set out in the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (provided that no such documents will be sent to an address in the United States or any other Restricted Jurisdiction); and
 - (ii) in the case of LSR Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days), give TTE instructions to Euroclear to transfer all LSR Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the LSR Shareholders concerned.
- (b) Subject to the City Code, and notwithstanding any other provision of this Part 1 of this Offer Document, Thalassa reserves the right to treat as valid in whole or in part any acceptance of the Offer if received by the Receiving Agent or otherwise on

behalf of Thalassa which is not entirely in order or in correct form or which is not accompanied by (as applicable) the relevant share certificate(s) and/ or other relevant document(s) or the relevant TTE instruction or is received by it at any place or places or in any form or manner determined by either the Receiving Agent or Thalassa otherwise than as set out in this Offer Document or in the Form of Acceptance. In that event, no settlement of consideration under the Offer will be made until after the acceptance is entirely in order and (as applicable) the relevant transfer to escrow has settled or the relevant share certificate(s) and/or other document(s) of title or satisfactory indemnities have been received by the Receiving Agent.

- (c) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, communication, notice, share certificate(s) or document(s) of title will be given by or on behalf of Thalassa. All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from LSR Shareholders (or their designated agents) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.
- (d) Thalassa reserves the right to direct that a portion of the LSR Shares to be transferred to it pursuant to acceptances of the Offer be transferred directly to a wholly owned subsidiary of Thalassa nominated by Thalassa.

21. Action to be taken

- (a) If you hold LSR Shares in certificated form:

If you hold your LSR Shares, or any of them, in certificated form (that is, NOT in CREST), to accept the Offer and to make an election under the Mix and Match Facility, if desired, in respect of those LSR Shares, you should complete, sign and return the enclosed Form of Acceptance along with your valid share certificate(s) and/or any other relevant documents of title by post or by hand (during normal business hours) to the Receiving Agent, Link Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU **as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on 27 March 2019**. Further details on the procedures for acceptance of the Offer if you hold any of your LSR Shares in certificated form are set out in paragraph 17(a) of this Part 1, Section D of Part 2 of this Offer Document and in the accompanying Form of Acceptance. A pre-paid envelope for use within the UK only is enclosed for your convenience and may be used by holders of LSR Shares in certificated form in the UK for returning their Form of Acceptance.

- (b) If you hold LSR Shares in uncertificated form:

If you hold your LSR Shares, or any of them, in uncertificated form (that is, in CREST), to accept the Offer and to make an election under the Mix and Match Facility, if desired, in respect of those LSR Shares, you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles **as soon as possible and, in any event, not later than 1.00 p.m. on 27 March 2019**. Further details on the procedures for acceptance of the Offer if you hold any of your LSR Shares in uncertificated form are set out in paragraph 17(b) of this Part 1 and in Section E of Part 2 of this Offer Document. If you hold any of your LSR Shares through a CREST sponsored member; you should contact your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to Euroclear.

The Thalassa Board recommends that you accept the Offer:

Yours sincerely,

Duncan Soukup

Executive Chairman
Thalassa Holdings Ltd

PART 2: CONDITIONS TO AND FURTHER TERMS OF THE OFFER

SECTION A:

CONDITIONS TO THE OFFER

The Offer is conditional upon:

Acceptance Condition

- (a) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by no later than 1.00 p.m. on the first closing date of the Offer as specified in the Offer Document (or such later times and/or dates as Thalassa may, subject to the rules of the City Code or with the consent of the Panel, decide) in respect of LSR Shares to which the Offer relates and of the voting rights attached to those shares which, together with all other LSR Shares owned by Thalassa or acquired or agreed to be acquired (whether pursuant to the Offer or otherwise), directly or indirectly by Thalassa, carry in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of LSR;

For the purposes of this Condition (a):

- (i) LSR Shares which have been unconditionally allotted but not issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, shall be deemed to carry the voting rights they will carry upon issue;
- (ii) valid acceptances shall be deemed to have been received in respect of LSR Shares which are treated for the purposes of Part 28 of the Act as having been acquired or contracted to be acquired by Thalassa, whether by virtue of acceptance of the Offer or otherwise;
- (iii) the expression "LSR Shares to which the Offer relates" shall be construed in accordance with Chapter 3 of Part 28 of the Act; and
- (iv) all percentages of voting rights and share capital are to be calculated by reference to the percentage held and in issue outside treasury;

In addition, the Offer will be conditional upon the following Conditions and, accordingly, the Offer will not become or be declared wholly unconditional unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

Admission to listing

- (b) (i) the admission to the Official List (with a Standard Listing) of the Thalassa Consideration Shares to be issued in connection with the Offer becoming effective in accordance with the Listing Rules and the admission of such shares to trading becoming effective in accordance with the Admission and Disclosure Standards of the London Stock Exchange; or (ii) if Thalassa so determines (and subject to the consent of the Panel) (aa) the UK Listing Authority having acknowledged to Thalassa or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the Thalassa Consideration Shares to the Official List with a Standard Listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied; and (bb) the London Stock Exchange having acknowledged to Thalassa or its agent (and such acknowledgement not having been withdrawn) that the Thalassa Consideration Shares will be admitted to the Official List with a Standard Listing and to trading on the main market for listed securities of the London Stock Exchange;

General Third Party clearances

- (c) the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a "**Third Party**") of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider LSR Group taken as a whole) arising as a result of or in connection with the Offer including, without limitation,

its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, LSR by Thalassa or any member of the Thalassa Group;

- (d) all necessary filings or applications having been made in connection with the Offer and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Offer or the acquisition by any member of the Wider Thalassa Group of any shares or other securities in, or control of, LSR and all Authorisations reasonably deemed necessary or appropriate by Thalassa or any member of the Wider Thalassa Group for or in respect of the Offer including without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, LSR or any member of the Wider LSR Group by any member of the Wider Thalassa Group having been obtained in terms and in a form satisfactory to Thalassa from all appropriate Third Parties or persons with whom any member of the Wider LSR Group has entered into contractual arrangements and all such Authorisations together with all material authorisations orders, recognitions, grants, licenses, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the Wider LSR Group which is material in the context of the Thalassa Group or the LSR Group as a whole remaining in full force and effect and all filings necessary for such purpose having been made and there being no notice or intimation of any intention to revoke or not to renew any of the same at the time at which the Offer becomes otherwise unconditional and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;
- (e) no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having enacted, made or proposed any statute, regulation, decision or order; or change to published practice or having taken any other steps, and there not continuing to be outstanding any statute, regulation, decision or order; which in each case would or might reasonably be expected to:
- (i) require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Thalassa Group or any member of the Wider LSR Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider Thalassa Group or the Wider LSR Group in either case taken as a whole;
 - (ii) require, prevent or delay the divestiture by any member of the Wider Thalassa Group of any shares or other securities in LSR;
 - (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Thalassa Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider LSR Group or the Wider Thalassa Group or to exercise voting or management control over any such member;
 - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Thalassa Group or of any member of the Wider LSR Group to an extent which is material in the context of the Wider Thalassa Group or the Wider LSR Group in either case taken as a whole;
 - (v) make the Offer or its implementation or the acquisition or proposed acquisition by Thalassa or any member of the Wider Thalassa Group of any shares or other securities in, or control of LSR void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto;
 - (vi) require any member of the Wider Thalassa Group or the Wider LSR Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider LSR Group or the Wider Thalassa Group owned by any third party;
 - (vii) impose any limitation on the ability of any member of the Wider LSR Group to co-ordinate its business, or any part of it, with the businesses of any other members which is adverse to and material in the context of the Wider LSR Group taken as a whole or in the context of the Offer; or
 - (viii) result in any member of the Wider LSR Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Offer or the acquisition or proposed acquisition of any LSR Shares having expired, lapsed or been terminated;

Certain matters arising as a result of any arrangement, agreement etc.

- (f) save as Disclosed, there being no provision of any agreement, arrangement, license, permit or other instrument to which any member of the Wider LSR Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which in consequence of the Offer or the proposed acquisition of any shares or other securities (or equivalent) in LSR or because of a change in the control or management of LSR or otherwise, could or might result in any of the following to an extent which is material and adverse in the context of the Wider LSR Group, or the Wider Thalassa Group, in either case taken as a whole, or in the context of the Offer:
- (i) any moneys borrowed by or any other indebtedness (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) any such agreement, arrangement, license, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
 - (iii) any assets or interests of any such member being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged;
 - (iv) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member;
 - (v) the rights, liabilities, obligations or interests of any such member in, or the business of any such member with, any person, firm or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected;
 - (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;
 - (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
 - (viii) the creation or acceleration of any liability, actual or contingent, by any such member;

and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider LSR Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this Condition;

Certain events occurring since 30 September 2018

- (g) save as Disclosed, no member of the Wider LSR Group having, since 30 September 2018:
- (i) save as between LSR and wholly-owned subsidiaries of LSR or for LSR Shares issued under or pursuant to the exercise of options and vesting of awards granted under any LSR share schemes, issued or agreed to issue, authorised or proposed the issue of additional shares of any class;
 - (ii) save as between LSR and wholly-owned subsidiaries of LSR or for the grant of options and awards and other rights under any LSR share schemes, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
 - (iii) other than to another member of the LSR Group, prior to completion of the Offer, recommended, declared, paid or made any dividend or other distribution payable in cash or otherwise;
 - (iv) save for intra-LSR Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, acquisition or disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole;
 - (v) save for intra-LSR Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole;
 - (vi) issued, authorised or proposed the issue of any debentures or (save for intra-LSR Group transactions), save in the ordinary course of business, incurred or increased any indebtedness or become subject to any contingent liability;

- (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs (i) or (ii) above, made any other change to any part of its share capital in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole;
- (viii) save for Intra-LSR Group transactions, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;
- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such a nature or magnitude other than in the ordinary course of business, in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole;
- (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, manager, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole;
- (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider LSR Group or the Wider Thalassa Group other than of a nature and extent which is normal in the context of the business concerned;
- (xii) waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider LSR Group taken as a whole;
- (xiii) made any material alteration to its memorandum or articles of association or other incorporation documents;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xv) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or proposed to, effect any of the transactions, matters or events referred to in this Condition ((g));
- (xvi) made or agreed or consented to any change to:
 - (A) the terms of the pension scheme(s) established by any member of the Wider LSR Group for its directors, employees or their dependents;
 - (B) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
 - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made, in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole;
- (xvii) proposed, agreed to provide or modified the terms of any of the LSR share scheme or other benefit constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider LSR Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider LSR Group, save as agreed by the Panel (if required) and by Thalassa, or entered into or changed the terms of any contract with any director or senior executive; or
- (xviii) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of LSR Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the City Code;

No adverse change, litigation or regulatory enquiry

- (h) save as Disclosed, since 30 September 2018:
 - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider LSR Group which, in any such case, is material in the context of the Wider LSR Group taken as a whole and no circumstances have arisen which would or might reasonably be expected to result in such adverse change;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider LSR Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider LSR Group having been instituted announced or threatened by or against or remaining outstanding in respect of any member of the Wider LSR Group which in any such case has had or might reasonably be expected to have an adverse effect on the Wider LSR Group taken as a whole;
 - (iii) no contingent or other liability having arisen or become apparent to Thalassa or increased which has had or might reasonably be expected to have an adverse effect on the Wider LSR Group taken as a whole; and
 - (iv) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any license held by any member of the Wider LSR Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or would reasonably be expected to have, an adverse effect on the Wider LSR Group taken as a whole;

No discovery of certain matters

- (i) save as Disclosed, Thalassa not having discovered:
 - (i) that any financial, business or other information concerning the Wider LSR Group as contained in the information publicly disclosed at any time by or on behalf of any member of the Wider LSR Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading, in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole;
 - (ii) that any member of the Wider LSR Group or partnership, company or other entity in which any member of the Wider LSR Group has a significant economic interest and which is not a subsidiary undertaking of LSR, is subject to any liability (contingent or otherwise) which is not disclosed in the Annual Report and Accounts of LSR for the financial year ended 30 September 2018, in each case, to the extent which is material in the context of the Wider LSR Group taken as a whole; or
 - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider LSR Group and which is material in the context of the Wider LSR Group taken as a whole;
- (j) save as Disclosed, Thalassa not having discovered that:
 - (i) any past or present member of the Wider LSR Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the use, treatment, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such use, treatment, storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) on the part of any member of the Wider LSR Group and which is material in the context of the Wider LSR Group taken as a whole;
 - (ii) there is, or is likely to be, for other reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider LSR Group to make good, remediate repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider LSR Group (or on its behalf) or by any person for which a member of the Wider LSR Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, regulation, notice, circular or order of any Third Party and which is material in the context of the Wider LSR Group taken as a whole or the Offer;
 - (iii) circumstances exist (whether as a result of the making of the Offer or the acquisition of LSR or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any member of the Wider Thalassa Group

or any present or past member of the Wider LSR Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, re-instate or clean up any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider LSR Group (or on its behalf) or by any person for which a member of the Wider LSR Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider LSR Group taken as a whole or the Offer; and

Anti-corruption, sanctions and criminal property

- (k) save as Disclosed, Thalassa not having discovered that:
- (i) (a) any past or present member, director, officer or employee of the Wider LSR Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation and regulation; or (b) any person that performs or has performed services for or on behalf of the Wider LSR Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation and regulation; or
 - (ii) any asset of any member of the Wider LSR Group constitutes criminal property as defined by section 340 (3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
 - (iii) any past or present member, director, officer or employee of the Wider LSR Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HMRC or HM Treasury; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
 - (iv) any member of the Wider LSR Group is or has been engaged in any transaction which would cause Thalassa to be in breach of any law or regulation upon its Offer for, or acquisition of, LSR, including the economic sanctions of the United States Office of Foreign Assets Control, or HMRC or HM Treasury, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states.

SECTION B:

WAIVER AND INVOCATION OF THE CONDITIONS

Thalassa reserves the right to waive, in whole or in part, all or any of the Conditions set out in Section A of Part 2 above, except for Conditions (a) (*Acceptance Condition*) and (b) (*Admission to listing*), which cannot be waived. Other than in respect of Conditions (a) and (b), Thalassa may invoke a Condition to cause the Offer not to proceed only if the circumstances giving rise to the Condition not being satisfied are of material significance to Thalassa in the context of the Offer.

The Offer will be subject to the satisfaction (or waiver, if permitted) of the Conditions and to the full terms and conditions set out in this Part 2 of this Offer Document and in the Form of Acceptance.

Thalassa shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of Conditions (b) to (k) (inclusive) that are capable of waiver by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that the other Conditions to the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Condition(s) may not be capable of fulfilment.

If Thalassa is required by the Panel to make an offer for LSR Shares under the provisions of Rule 9 of the City Code, Thalassa may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

Under Rule 13.6 of the City Code, LSR may not invoke or cause or permit Thalassa to invoke any condition to the Offer unless the circumstances which give rise to the right to invoke the condition are of material significance to LSR Shareholders in the context of the Offer. The determination of whether or not such a condition can be invoked would be determined by the Panel.

SECTION C:

FURTHER TERMS OF THE OFFER

1. Definitions

Except where the context otherwise requires, any reference in this Offer Document and in the Form of Acceptance to:

- (a) the “**Offer**” shall mean the Offer and shall include any revision or extension thereof;
- (b) to the Offer being or becoming or being declared “**unconditional**” shall be construed as references to the Offer becoming or being declared unconditional as to acceptances whether or not any other condition of the Offer remains to be fulfilled;
- (c) the “**Acceptance Condition**” is to the condition as to acceptances in paragraph (a) of Section A of Part 2 of this Offer Document and references to the Offer being unconditional as to acceptances shall be construed accordingly;
- (d) “**acceptances of the Offer**” includes deemed acceptances of the Offer;
- (e) an “**extension**” of the Offer includes a reference to an extension of the date by which the Offer must become or be declared unconditional in all respects;
- (f) “**Day 39**” shall mean 14 April 2019 or such later date as the Panel may agree;
- (g) “**Day 46**” shall mean 21 April 2019 or such later date as the Panel may agree; and
- (h) “**Day 60**” shall mean 5 May 2019 or such later date as may be determined by Thalassa with the agreement of the Panel to be the last date for fulfilment of the Acceptance Condition in accordance with the City Code.

2. Acceptance Period

- (a) 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 and, in such event, shall make a public announcement of such extension in the manner described in paragraph 4(a) of this Section C of Part 2 and give oral or written notice of such extension to the Receiving Agent.
- (b) Although no revision is contemplated, if the Offer is revised it shall remain open for acceptance for a period of at least 14 calendar days (or such other period as may be permitted by the Panel) after the date on which Thalassa publishes revised offer documentation. Except with the consent of the Panel, Thalassa may not revise its Offer or publish any revised Offer documentation after Day 46, or, if later, the date which is 14 calendar days before the last date on which the Offer can become unconditional.
- (c) The Offer, whether revised or not, shall not (except with the consent of the Panel or as otherwise permitted by the City Code) be capable of becoming unconditional after 12.00 midnight on Day 60 (or any other time and/or date beyond which Thalassa has stated that the Offer shall not be extended and has not, where permitted, withdrawn that statement), nor of being kept open for acceptance after that time and/or date unless the Offer has previously become unconditional provided that Thalassa reserves the right, with the permission of the Panel, to extend the time for the Offer to become unconditional to a later time(s) and/or date(s). If the Offer has not become unconditional at such time (taking account of any prescribed extension of the Offer), the Offer shall lapse in the absence of a competing bid and/or unless the Panel agrees otherwise. If the Offer lapses for any reason, the Offer shall cease to be capable of further acceptance and LSR Shareholders and Thalassa shall cease to be bound by prior acceptances.
- (d) If the Offer becomes, or is declared, unconditional it shall remain open for acceptance for not less than 14 calendar days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated by or on behalf of Thalassa that the Offer shall remain open until further notice or if the Offer shall remain open for acceptance beyond the 70th day following publication of the Offer Document, then not less than 14 calendar days' written notice shall be given by or on behalf of Thalassa to LSR Shareholders who have not accepted the Offer prior to the Closing Date and to persons with information rights.
- (e) If a competitive situation arises (as determined by the Panel) after Thalassa has made a “no extension” statement and/or “no increase” statement (as referred to in the City Code) in relation to the Offer, Thalassa may, if it specifically reserved the right to do so at the time the statement was made (or otherwise with the consent of the Panel), choose not to be bound by or withdraw such statement and to extend or revise the Offer provided that Thalassa complies with the requirements of the City Code and, in particular, that:
 - (i) it announces the withdrawal and states that it is free to extend or revise the Offer (as appropriate) as soon as possible and in any event within four Business Days of the date of the firm announcement of the competing offer or other competitive situation;

- (ii) it sends a notice to LSR Shareholders (and persons with information rights) at the earliest opportunity to that effect or, in the case of LSR Shareholders with registered addresses in Restricted Jurisdictions, by announcement in the United Kingdom; and
 - (iii) any LSR Shareholders who accept the Offer after the date of the “no extension” and/or “no increase” statement is given a right of withdrawal in accordance with paragraph 5(d) of this Section C.
- (f) Thalassa may, if it specifically reserved the right to do so at the time the statement was made (or otherwise with the consent of the Panel), choose not to be bound by the terms of a “no extension” or “no increase” statement and may publish an increased or improved offer (either as to the value or form of the consideration or otherwise) if it is recommended for acceptance by the LSR Board, or in any circumstance permitted by the Panel.
- (g) If LSR announces material new information of the kind referred to in Rule 31.9 of the City Code after Day 39, Thalassa may choose not to be bound by a “no extension” statement and/or a “no increase” statement if it specifically reserved the right to do so at the time such statement is made (or otherwise with the consent of the Panel) and to be free to revise and/or extend the Offer, if permitted by the Panel, provided that:
- (i) notice to this effect is published as soon as possible and in any event within four Business Days after the date of announcement by LSR; and
 - (ii) LSR Shareholders (and persons with information rights) are notified in writing at the earliest opportunity to that effect or, in the case of LSR Shareholders with registered addresses in Restricted Jurisdictions, by announcement in the United Kingdom.
- (h) If a competitive situation arises as determined by the Panel and is continuing on the Business Day immediately preceding Day 60 and the Offer has not previously become or been declared unconditional in all respects, or has been withdrawn or lapsed, Thalassa will enable LSR Shareholders in uncertificated form who have not already validly accepted the Offer but who have previously accepted a competing offer, to accept the Offer by special form of acceptance to take effect on Day 60. The special form of acceptance shall constitute a valid acceptance of the Offer provided that:
- (i) it is received by the Receiving Agent on or before Day 60;
 - (ii) the relevant LSR Shareholder shall have applied to withdraw his acceptance of the competing offer but that the LSR Shares to which such withdrawal relates shall not have been released from escrow by the escrow agent to the competing offer before Day 60; and
 - (iii) the LSR Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from Thalassa contained in Part I of this Offer Document on or before Day 60, but an undertaking is given that they will be so transferred as soon as possible thereafter.

LSR Shareholders wishing to use such special forms of acceptance should apply to the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321 on the Business Day preceding Day 60 in order that such forms can be despatched. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Notwithstanding the right to use such a special form for acceptance, holders of LSR Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such shares.

3. Acceptance Condition

- (a) Except with the consent of the Panel, for the purpose of determining at any particular time whether the Acceptance Condition is satisfied, Thalassa may only take into account acceptances received or purchases of LSR Shares made in respect of which all relevant documents and/or TTE instructions are received by the Receiving Agent:
- (i) by 1.00 p.m. on Day 60 (or any other time and/or date beyond which Thalassa has stated that the Offer shall not be extended and has not, where permitted, withdrawn such statement); or
 - (ii) if the Offer is extended with the consent of the Panel, such later time(s) or date(s) the Panel may agree.

If the latest time at which the Offer may become or be declared unconditional in all respects is extended beyond midnight on Day 60, acceptances received and purchases made in respect of which the relevant documents are received by the Receiving Agent after 1 p.m. on such date may only be taken into account with the agreement of the Panel (except where the City Code permits otherwise).

- (b) Except as otherwise agreed by the Panel:

- (i) an acceptance of the Offer will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the City Code are satisfied in respect of it;
 - (ii) a purchase of LSR Shares by Thalassa or its nominee(s) or (if Thalassa is required by the Panel to make an offer for LSR Shares under Rule 9 of the City Code) by a person acting in concert with Thalassa or its nominee(s), will only be counted towards fulfilling the Acceptance Condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the City Code are satisfied in respect of it;
 - (iii) LSR Shares which have been borrowed by Thalassa may not be counted towards fulfilling the Acceptance Condition; and
 - (iv) before the Offer may become or be declared unconditional, the Receiving Agent shall issue a certificate to Thalassa which states the number of LSR Shares in respect of which acceptances have been received, and the number of LSR Shares otherwise acquired, whether before or during the Offer Period, which comply with the provisions of this paragraph 3. A copy of the certificate will be sent to the Panel as soon as possible after it is issued.
- (c) For the purpose of determining at any particular time whether the Acceptance Condition is satisfied Thalassa is not bound (unless required by the Panel) to take into account any LSR Shares which have been unconditionally allotted or issued or which arise as a result of the exercise of conversion rights before the determination takes place unless LSR or its agent has given written notice to Thalassa or the Receiving Agent, Link Asset Services, Corporate Actions, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on behalf of Thalassa, containing relevant details of the allotment, issue or conversion. Notification by e-mail, telex, facsimile or other electronic transmission does not constitute written notice for this purpose.

4. Announcements

- (a) Without prejudice to paragraph 4(b) of this Section C of Part 2 below, by 8.00 a.m. on the next Business Day (the “**relevant day**”) following the day on which the Offer is due to expire or becomes or is declared unconditional, or is revised or extended (or such later time(s) or date(s) as the Panel may agree), Thalassa will make an appropriate announcement through a Regulatory Information Service. The announcement will state (unless otherwise permitted by the Panel):
- (i) the total number of LSR Shares (A) for which acceptances of the Offer have been received (specifying the extent, if any, to which such acceptances have been received from any person(s) acting or deemed to be acting in concert with Thalassa for the purposes of the Offer);
 - (ii) details of any LSR relevant securities in which Thalassa or any person acting in concert with it has an interest or in respect of which it has a right to subscribe, in each case specifying the nature of the interests or rights concerned and details of any short positions over LSR relevant securities held by Thalassa or any person acting in concert with it (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery; and
 - (iii) details of any relevant securities of LSR which Thalassa or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold, and

will specify the percentages of each class of relevant securities represented by these figures. The announcement shall include a statement of the total number of LSR Shares which Thalassa may count towards the satisfaction of the Acceptance Condition and the percentage of LSR Shares represented by this figure.

- (b) Except as otherwise agreed by the Panel, in computing the number of LSR Shares represented by acceptances and/or purchases for the announcement, an acceptance or purchase will only be counted towards fulfilling the Acceptance Condition if the requirements of Notes 4, 5 and 6 (as applicable) on Rule 10 of the City Code are satisfied. Subject to this, Thalassa may include or exclude, for announcement purposes, acceptances and purchases not in all respects in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title and/or not accompanied by the relevant TTE instruction or which are subject to verification.
- (c) Any decision to extend the time and/or date by which the Acceptance Condition has to be fulfilled may be made at any time up to, and will be announced by 8.00 a.m. on the relevant day or such later time(s) and/ or date(s) as the Panel may agree. The announcement will state the next expiry time and date unless the Offer is then unconditional, in which case a statement may instead be made that the Offer will remain open until further notice.
- (d) In this Section C of Part 2, references to the making of an announcement or the giving of notice by or on behalf of Thalassa include, in each case, the release of an announcement by Thalassa’s public relations consultants or finnCap or other nominee

of Thalassa, in each case on behalf of Thalassa, to the press and/or the transmission by whatever means of an announcement to a Regulatory Information Service. An announcement made otherwise than through a Regulatory Information Service will be notified simultaneously through a Regulatory Information Service (unless otherwise agreed by the Panel).

- (e) A copy of any announcement made by Thalassa in accordance with this paragraph 4 of this Section C of Part 2 will be available, subject to certain restrictions relating to persons resident in the United States or any other Restricted Jurisdiction, for inspection on Thalassa's website at www.thalassaholdingsltd.com as soon as possible and in any event by no later than 12 noon on the Business Day following the announcement.
- (f) Without limiting the manner in which Thalassa may choose to make any public announcement and, subject to the obligations of Thalassa under applicable law and paragraph 4(e) of this Section C of Part 2 above, Thalassa will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

5. Rights of withdrawal

- (a) Acceptances of and elections by LSR Shareholders under the Offer are irrevocable, subject to the remainder of this paragraph 5 of this Section C of Part 2.
- (b) If Thalassa, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. on the relevant day (as defined in paragraph 4(a) of this Section C of Part 2) (or such later time(s) and/or date(s) as the Panel may agree) with any of the other requirements specified in paragraph 4(a) of this Section C of Part 2, an accepting LSR Shareholder who holds LSR Shares in certificated form may (unless the Panel agrees otherwise) immediately thereafter withdraw his acceptance of the Offer by written notice or otherwise signed by the accepting LSR Shareholder (or his agent duly appointed in writing and evidence of whose appointment, in a form reasonably satisfactory to Thalassa, is produced with the notice) given by post or by hand (during normal business hours only) to the Receiving Agent, Link Asset Services, Corporate Actions. Alternatively, in the case of LSR Shares held in uncertificated form, withdrawals can also be effected in the manner set out in paragraph 5(f) of this Section C of Part 2. Subject to paragraph 2(c) of this Section C of Part 2, this right of withdrawal may be terminated not less than eight calendar days after the relevant day by Thalassa confirming, if such is the case, that the Offer is still unconditional and complying with the other requirements relating to the Offer specified in paragraph 4(a) of this Section C of Part 2. If that confirmation is given, the first period of 14 calendar days referred to in paragraph 2(d) of this Section C of Part 2 shall start on the date of that confirmation.
- (c) If by 1.00 p.m. on the day falling 21 days after the First Closing Date (or such later time(s) and/or date(s) as the Panel agree) the Offer has not become unconditional, an accepting LSR Shareholder may withdraw his acceptance of the Offer by written notice or otherwise in the manner referred to in paragraph 5(b) of this Section C of Part 2 (or, in the case of LSR Shares held in uncertificated form, in the manner set out in paragraph 5(f) of this Section C of Part 2) at any time before the earlier of:
 - (i) the time that the Offer becomes unconditional; and
 - (ii) the final time for the lodging of acceptances of the Offer which can be taken into account in accordance with paragraph 3(a) of this Section C of Part 2.
- (d) If a "no extension" and/or "no increase" statement is withdrawn in accordance with paragraph 2(e) of this Section C of Part 2, a LSR Shareholder who accepts the Offer after the date of that statement may withdraw such acceptance by written notice or otherwise in accordance with paragraph 5(b) of this Section C of Part 2 (or, in the case of LSR Shares held in uncertificated form, in the manner set out in paragraph 5(f) of this Section C of Part 2) for a period of eight calendar days after the date on which Thalassa sends the notice of the withdrawal of that statement to LSR Shareholders.
- (e) In this paragraph 5, "**written notice**" (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting LSR Shareholder (or his/their agent(s) duly appointed in writing and evidence of whose appointment satisfactory to Thalassa is produced with the notice) given by post or by hand (during normal business hours) at the Receiving Agent, Link Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Facsimile or other electronic transmission or copies will not be sufficient. A notice which is postmarked in, or otherwise appears to Thalassa or its agents to have been sent from the United States or any Restricted Jurisdiction may be treated as invalid, unless Thalassa is satisfied in its sole discretion that such notice was sent by an Eligible LSR Shareholder.
- (f) In the case of LSR Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraphs 5(b), 5(c) and 5(d) of this Section C of Part 2 above, an accepting LSR Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and to settle, include the following details:

- the number of LSR Shares to be withdrawn, together with their ISIN number which is GB00B1VS7G47;
- the member account ID of the accepting shareholder, together with his participant ID;
- the member account ID of the Escrow Agent included in the relevant Electronic Acceptance to be withdrawn;
- the Escrow Agent's participant ID (this is RA10);
- the CREST transaction reference number of the Electronic Acceptance to be withdrawn;
- the intended settlement date for the withdrawal;
- the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear); and
- input with standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will, on behalf of Thalassa, reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or a receiving agent accept (AEAN) message.

- (g) If an accepting LSR Shareholder withdraws his acceptance, all documents of title and other documents lodged with the Form of Acceptance will be returned as soon as practicable following the receipt of the withdrawal (and in any event within 14 calendar days) and the Receiving Agent will immediately give TFE instructions for the release of securities held in escrow to the original balance(s) of the LSR Shareholder concerned.
- (h) LSR Shares in respect of which acceptances have been validly withdrawn in accordance with this paragraph 5 may subsequently be re-assented to the Offer by following one of the procedures described in paragraph 17 of Part I of this Offer Document at any time while the Offer remains open for acceptance.
- (i) All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by Thalassa whose determination (except as required by the Panel) will be final and binding. Neither Thalassa nor the Receiving Agent, nor any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification or for any determination under this paragraph 5.
- (j) LSR has not right to invoke, or to cause or permit Thalassa to invoke, a Condition. Notwithstanding this, pursuant to Rule 13.6 of the City Code, the Panel may determine in light of all relevant facts that LSR Shareholders who have accepted the Offer should have the right to withdraw their acceptances on such terms as the Panel considers appropriate. If the Panel introduces such withdrawal rights this may lead to the Panel amending the timetable for the Offer and/or the Offer ceasing to be unconditional as to acceptances.

6. Revised Offer

- (a) Although no revision is contemplated, if the Offer is revised (in its original or previously revised form(s) and either in its terms or Conditions or in the value or form of the consideration offered or otherwise), the benefit of the revised offer will, subject to paragraphs 6(e) and 8 below, be made available to a LSR Shareholder who has accepted the Offer (in its original or any revised form(s)) and who has not validly withdrawn such acceptance (a "**previous acceptor**"). The acceptance of the Offer by or on behalf of a previous acceptor will, subject to paragraphs 6(e), 6(f) and 8 below, be deemed an acceptance of the revised offer and will constitute the separate appointment of each of Thalassa and any director of Thalassa or persons authorised by Thalassa as its attorney and/or agent with authority:
 - (i) to accept the revised offer on behalf of such previous acceptor;
 - (ii) if the revised offer includes alternative form(s) of consideration, to make elections for and/or accept the alternative form(s) of consideration on his behalf in the proportions the attorney and/or agent in his absolute discretion thinks fit; and
 - (iii) to execute on his behalf and in his name all further documents (if any) and to do all things (if any) as may be required to give effect to such acceptances and/or elections.

In making any election and/or acceptance, the attorney and/or agent will take into account the nature of any previous acceptance(s) or election(s) made by or on behalf of the previous acceptor and other facts or matters he may reasonably consider relevant. The attorney and/or agent shall not be liable to any LSR Shareholder or any other person in making such election and/or acceptance or in making any determination in respect thereof.

- (b) Although no revision is contemplated, if the Offer is revised, a revised offer document will be published. On the day of publication, Thalassa will publish the document on its website and will announce that the document has been so published.

- (c) Thalassa reserves the right to treat an executed Form of Acceptance or TTE instruction relating to the Offer (in its original or any previously revised form(s)) which is received (or dated) after the announcement or issue of any revised offer as a valid acceptance of the revised offer (and where applicable a valid election for the alternative forms of consideration). That acceptance will constitute a power of attorney and an authority in the terms of paragraph (a) above, *mutatis mutandis*, on behalf of the relevant LSR Shareholder.
- (d) The deemed acceptance and/or election referred to in paragraph (a) above shall not apply, and the power of attorney and the authorities conferred by that paragraph shall not be exercised if, as a result, a previous acceptor would receive and/or retain (as appropriate) less in aggregate in consideration under the revised offer or otherwise than he would have received and/or retained (as appropriate) in aggregate in consideration as a result of his acceptance of the Offer in the form originally accepted by such previous acceptor or on his behalf.
- (e) The deemed acceptance and/or election referred to in paragraph (a) above shall not apply, and the power of attorney and the authorities conferred by that paragraph shall not be exercised in the case of a previous acceptor who (i) lodges with the Receiving Agent, within 14 calendar days of publication of the revised offer documentation, a form of acceptance (or any other form issued on behalf of Thalassa) in which he validly elects to receive consideration under the revised offer in some other manner or (ii) sends (or, if a CREST sponsored member, procures that his CREST sponsor sends), in respect of LSR Shares in uncertificated form, an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be changed. Each ESA instruction must, in order for it to be valid and to settle, include the following details:
- the number of LSR Shares in respect of which the changed election is made, together with their ISIN number which is GB00B1VS7G47;
 - the member account ID of the previous acceptor; together with his participant ID;
 - the member account ID of the Escrow Agent included in the relevant Electronic Acceptance;
 - the Escrow Agent's participant ID (this is RA10);
 - the CREST transaction reference number of the Electronic Acceptance in respect of which the election is to be changed;
 - the intended settlement date for the changed election;
 - the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear); and
 - input with standard delivery instruction priority of 80,

and, in order that the desired change of election can be effected, must include the member account ID of the Escrow Agent relevant to the new election.

Any such change of election will be conditional upon the Receiving Agent verifying that the request is validly made. Accordingly, the Receiving Agent will on behalf of Thalassa reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

7. Mix and Match Facility

- (a) Full acceptance of the Offer (excluding any elections made under the Mix and Match Facility) will result in the cash payment of approximately £9,001,342 and a share issuance of up to 15,985,990 Thalassa Consideration Shares.
- (b) Mix and Match Elections will only be accepted in respect of a whole number of LSR Shares. Any Mix and Match Election which is made in respect of a number of LSR Shares which is not a whole number shall be deemed to be made in respect of the nearest whole number of LSR Shares rounded down. The number of LSR Shares in respect of which a Mix and Match Election is made represents the number of LSR Shares in respect of which an Eligible LSR Shareholder wishes to receive either all cash or, as the case may be, all Thalassa Consideration Shares, as consideration under the terms of the Offer.
- (c) The maximum aggregate amount of cash (being £9,001,342) to be paid and the maximum aggregate amount of Thalassa Consideration Shares to be issued (being up to 15,985,990) under the Offer will not be varied as a result of elections under the Mix and Match Facility. The available cash and Thalassa Consideration Shares will be allocated in accordance with this paragraph 7 among Eligible LSR Shareholders who make valid Mix and Match Elections.
- (d) Valid Mix and Match Elections for more Thalassa Consideration Shares made by Eligible LSR Shareholders will be satisfied in full where sufficient Thalassa Consideration Shares are available as a result of other accepting Eligible LSR Shareholders validly making Mix and Match Elections for more cash. If the number of Thalassa Consideration Shares made available as a

result of valid Mix and Match Elections for cash is insufficient to satisfy in full all valid Mix and Match Elections for Thalassa Consideration Shares, then such elections will be scaled down on a pro rata basis and rounded down to the nearest whole number of LSR Shares.

- (e) Valid Mix and Match Elections for cash made by Eligible LSR Shareholders will be satisfied in full where sufficient cash is available as a result of other accepting Eligible LSR Shareholders validly making Mix and Match Elections for Thalassa Consideration Shares. If the amount of cash made available as a result of valid Mix and Match Elections for Thalassa Consideration Shares is insufficient to satisfy in full all valid Mix and Match Elections for cash, then such elections will be scaled down on a pro rata basis and rounded down to the nearest whole number of LSR Shares.
- (f) Each Eligible LSR Shareholder will automatically receive the Base Consideration (14.64 pence in cash and 0.26 Thalassa Consideration Shares). The Mix and Match Facility, however, allows Eligible LSR Shareholders to either:
 - (i) elect the “More Shares” option (equating to approximately 0.4396 Thalassa Consideration Shares for every LSR Share so elected if other LSR Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to the cash component under the terms of the Offer (being 14.64 pence per LSR Share held) in exchange for additional Thalassa Consideration Shares (being approximately 0.1796 Thalassa Consideration Shares per 14.64 pence if other LSR Shareholders make equal and opposite Mix and Match Elections) in addition to the 0.26 Thalassa Consideration Shares due; or
 - (ii) elect the “More Cash” option (equating to 35.83 pence for every LSR Share so elected if other LSR Shareholders make equal and opposite Mix and Match Elections), so as to surrender some or all of their entitlement to Thalassa Consideration Shares under the terms of the Offer (being 0.26 Thalassa Consideration Shares per LSR Share held) in exchange for additional cash (being 21.19 pence per 0.26 Thalassa Consideration Shares if other LSR Shareholders make equal and opposite Mix and Match Elections) in addition to the 14.64 pence per LSR Share due.

IMPORTANT: An election under the Mix and Match Facility does not guarantee that you will receive either 0.4396 Thalassa Consideration Shares under the “More Shares” option or 35.83 pence under the “More Cash” option in respect of each LSR Share so elected. Elections under the Mix and Match Facility could be scaled back pro rata, with any unsuccessful elections for the “More Cash” option or “More Shares” option being treated as an election to receive the Base Consideration of 14.64 pence and 0.26 Thalassa Consideration Shares. Adjustments to the entitlements of LSR Shareholders pursuant to the Mix and Match Elections may be made by Link Asset Services under instruction from Thalassa on a basis that Thalassa consider to be fair and reasonable to the extent necessary to satisfy all entitlements pursuant to the Mix and Match Elections as nearly as may be practicable. Such adjustments shall be final and binding on LSR Shareholders.

- (g) The Mix and Match Facility will remain open until closed by Thalassa. Thalassa reserves the right to close the Mix and Match Facility at 1.00 p.m. on the First Closing Date without further notice or on any subsequent closing date (if any). Any closure of the Mix and Match Facility will be announced by Thalassa via a Regulatory Information Service. If the Mix and Match Facility has been closed, Thalassa reserves the right to reintroduce a mix and match facility on the same terms as described in this paragraph 7 of Section C of Part 2 and subject to the rules of the City Code. In addition, in the event Thalassa applies the provisions of sections 974 to 991 of the Companies Act to compulsorily acquire any outstanding LSR Shares to which the Offer relates and in respect of which the Offer has not been accepted (as described in paragraph 10 of Part 1 of this Offer Document), a mix and match facility will be available to those relevant LSR Shareholders affected by the compulsory acquisition on the same terms as described in this paragraph 7 of Section C of Part 2.
- (h) No election under the Mix and Match Facility will be valid unless, by the time and date on which the Mix and Match Facility closes:
 - (i) in respect of LSR Shares held in certificated form, both a valid acceptance of the Offer and a valid election under the Mix and Match Facility, duly completed in all respects and accompanied by all relevant share certificate(s), and/or other document(s) of title is received;
 - (ii) in respect of LSR Shares held in uncertificated form, settlement of a Mix and Match TTE Instruction in relation to those shares in accordance with the procedures set out in paragraph 17(b)(iii) of Part 1 occurs.
- (i) If an Eligible LSR Shareholder purports to elect for both additional cash and additional Thalassa Consideration Shares under the Mix and Match Facility, both purported elections shall be deemed to be void and the relevant Eligible LSR Shareholder shall be deemed to have accepted the Base Consideration under the Offer in respect of all the LSR Shares to which the relevant Acceptance Form or TTE instruction relates.

- (j) If a TTE instruction or Form of Acceptance that constitutes or includes an election under the Mix and Match Facility is either received after the time and date upon which the Mix and Match Facility closes or is received before such time and date but is not, and is not deemed to be, valid or complete in all respects at such time and date, such election shall, for all purposes, be void and the Eligible LSR Shareholder purporting to make such election shall not, for any purpose, be entitled to receive any variation of consideration under the election but such acceptance (if otherwise valid) shall, subject to the provisions of paragraph 8 of this Section C of Part 2, be deemed to be an acceptance of the Offer in respect of the number of LSR Shares in respect of which such election was purported to be made and the relevant Eligible LSR Shareholder will, subject to the Offer becoming wholly unconditional, be entitled to receive the Base Consideration due under the Offer in respect thereof.
- (j) If Thalassa chooses to leave the Mix and Match Facility open, or to reintroduce or make available a further mix and match facility, for any period or periods after the date upon which the Offer becomes wholly unconditional, Thalassa shall be entitled, at its absolute discretion, to treat elections received (or validated or completed) during such period or periods as forming a separate pool or pools for the purposes of determining the nominal amount of cash and Thalassa Consideration Shares available to meet such elections on whatever basis Thalassa may determine.
- (k) Satisfaction of valid Mix and Match Elections are conditional on the Offer becoming wholly unconditional. The Mix and Match Facility will automatically lapse if the Offer lapses or expires. An election under the Mix and Match Facility by an Eligible LSR Shareholder may not be changed after the time that it is first made. However, acceptances including elections under the Mix and Match Facility may be withdrawn in accordance with the procedures in paragraph 6 of this Section C.

8. Overseas Shareholders

- (a) The making of the Offer in jurisdictions outside the United Kingdom or to Overseas Shareholders or to persons who are custodians, nominees of or trustees for such persons may be prohibited or affected by the laws of the relevant jurisdiction. Such Overseas Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions. It is the responsibility of any Overseas Shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties or other requisite payments due in that jurisdiction. Any such Overseas Shareholder shall be responsible for any such issue, transfer or other taxes or duties or other payments by whomsoever payable and Thalassa and any person acting on its behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such issue, transfer or other taxes or duties or other payments which Thalassa and any person acting on its behalf may be required to pay.
- (b) Unless otherwise determined by Thalassa or required by the City Code, and permitted by applicable law and regulation, the Offer is not being made, directly or indirectly, in, into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would violate the laws in that jurisdiction and no person may accept the Offer by any use, means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and the Offer may not be capable of acceptance by any such use, means, instrumentality or facilities. Accordingly, copies of this Offer Document, the Form of Acceptance or the Prospectus Equivalent Document and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from the United States or any other Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction.
- (c) All LSR Shareholders (including nominees, trustees of custodians) who may have a contractual or legal obligation, or may otherwise intend, to forward this Offer Document and/or the Form of Acceptance and/ or the Prospectus Equivalent Document should read the further details in this regard which are contained in this paragraph 8 and in Sections D and E of this Part 2 of this Offer Document before taking any action. Envelopes containing Form of Acceptance, evidence of title or other documents relating to the Offer should not be postmarked in the United States or any other Restricted Jurisdiction or otherwise despatched from such jurisdictions and all acceptors must provide addresses outside any such Restricted Jurisdictions for the settlement of the consideration to which they are entitled under the Offer or for the return of a Form of Acceptance or documents of title, except for Eligible US Holders who have satisfied Thalassa (acting in its sole discretion) of their eligibility to participate in the offer.
- (d) Subject to the provisions of this paragraph 8 and applicable laws, a LSR Shareholder may be deemed NOT to have accepted the Offer (or, where the context requires not to have validly elected for the Mix and Match Facility) if:

- (i) he states "No" in Box 3 of the Form of Acceptance and thereby does not make the representations and warranties set out in paragraph (c) of Section D of Part 2 of this Offer Document;
- (ii) he completes Box 4 of his Form of Acceptance with an address in the United States or any other Restricted Jurisdiction or he has a registered address in the United States or any other Restricted Jurisdiction and in any such case does not insert in Box 4 of his Form of Acceptance the name and address of a person or agent outside the United States or any other Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent;
- (iii) in any case, a Form of Acceptance received from him is in an envelope postmarked in, or which otherwise appears to Thalassa or its agents to have been sent from the United States or any other Restricted Jurisdiction; or
- (iv) he makes a Restricted Escrow Transfer pursuant to paragraph (e) below unless he also makes a related Restricted ESA instruction which is accepted by the Receiving Agent,

Thalassa reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in Section D or (as the case may be) Section E of Part 2 of this Offer Document could have been truthfully given by the relevant LSR Shareholder and, if such investigation is made and as a result Thalassa determines (for any reason) that such representations and warranties could not have been so given, such acceptance may be rejected as invalid. If a LSR Shareholder inserts in Box 4 of the Form of Acceptance the name and address of a person or agent in the United States or the Form of Acceptance is postmarked in, or otherwise appears to Thalassa or its agent to have been sent from, the United States, Thalassa may reject such acceptance, unless the requirements for eligibility to participate in the Offer have, in Thalassa sole judgement, been met.

- (e) If a holder of LSR Shares in uncertificated form is unable to give the warranties set out in paragraph (c) of Section E of Part 2, including if he is an Eligible US Holder or a nominee holding LSR Shares for an Eligible US Holder; but nevertheless can provide evidence satisfactory to Thalassa that he is able to accept the Offer in compliance with all relevant legal and regulatory requirements he may purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) both:
 - (i) a TTE instruction to a designated escrow balance detailed below (a "**Restricted Escrow Transfer**"); and
 - (ii) one or more valid ESA instructions (a "**Restricted ESA instruction**").

Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and Thalassa decides, in its absolute discretion, to exercise its right described in paragraph (i) below to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case prior to the Closing Date. Any purported acceptance shall constitute the giving of the undertakings, representations, warranties and agreements in Section E of Part 2 of this Offer Document (other than paragraph (c)), If Thalassa accordingly decides to permit such acceptance to be made, the Receiving Agent will on behalf of Thalassa accept the purported acceptance as an Electronic Acceptance on the terms of this Offer Document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, the Receiving Agent will on behalf of Thalassa reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and to settle, include the following details:

- the ISIN number for the LSR Shares which is GB00B1VS7G47;
- the number of LSR Shares in uncertificated form in respect of which the Offer is to be accepted;
- the member account ID and participant ID of the accepting LSR Shareholder;
- the participant ID of the Escrow Agent specific to a Restricted Escrow Transfer (this is RA10);
- the member account ID of the Escrow Agent (this is RESTRICT);
- the intended settlement date (this should be as soon as possible and in any event no later than 1.00 p.m. on 27 March 2019);
- the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear);
- input with standard delivery instruction priority of 80; and
- the contact name and telephone number of the accepting LSR Shareholder inserted in the shared note field.

Each Restricted ESA instruction must, in order for it to be valid and to settle, include the following details:

- the ISIN number for the LSR Shares, which is GB00B1VS7G47;

- the number of LSR Shares relevant to that Restricted ESA instruction;
 - the member account ID and participant ID of the accepting LSR Shareholder;
 - the participant ID and the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer;
 - the transaction reference number of the Restricted Escrow Transfer to which the Restricted ESA instruction relates;
 - the intended settlement date (this should be as soon as possible and in any event no later than 1.00 p.m. on 27 March 2019);
 - the corporate action number for the Offer (this is allocated by Euroclear and shall be available on a screen from Euroclear);
 - input with standard delivery instruction priority of 80; and
 - the contact name and telephone number of the accepting LSR Shareholder inserted in the shared note field.
- (f) If any person, despite the restrictions described above and whether pursuant to a contractual or legal obligation or otherwise, forwards this Offer Document, the Form of Acceptance and/or the Prospectus Equivalent Document or any related document in, into or from the United States or any other Restricted Jurisdiction or uses the mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, the United States or any other Restricted Jurisdiction in connection with that forwarding, that person should:
- (i) inform the recipient of such fact;
 - (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (iii) draw the attention of the recipient to this paragraph 8.
- (g) Notwithstanding the above, Thalassa may in its sole and absolute discretion provide cash consideration and Thalassa Consideration Shares to a resident of the United States or any other Restricted Jurisdiction if requested to do so by or on behalf of that person if Thalassa is satisfied, in that particular case, that to do so would not constitute a breach of any securities or other relevant legislation of such Restricted Jurisdiction, as appropriate.
- (h) Thalassa reserves the right to notify any matter, including the making of the Offer, to all or any LSR Shareholders:
- (i) with a registered address outside the United Kingdom; or
 - (ii) whom Thalassa knows to be a custodian, trustee or nominee holding LSR Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom, by announcement in the United Kingdom through a Regulatory Information Service or in any other appropriate manner or by notice in the London Gazette or paid advertisement in one or more newspapers published and circulated in the United Kingdom. Such notice shall be deemed to have been sufficiently given, despite any failure by any such LSR Shareholder to receive or see that notice. A reference in this Offer Document to a notice or the provision of information in writing by or on behalf of Thalassa is to be construed accordingly. No such document will be sent to an address in the United States or any other Restricted Jurisdiction.
- (i) The provisions of this paragraph 8 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific LSR Shareholders or on a general basis by Thalassa in its sole discretion. Subject to this discretion, the provisions of this paragraph 8 supersede any terms of the Offer inconsistent with them. References in this paragraph 8 to a LSR Shareholder shall include the person or persons making an Electronic Acceptance and the person or persons executing a Form of Acceptance and, in the event of more than one person executing the Form of Acceptance, the provisions of this paragraph 8 apply to them jointly and severally.

Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your appropriate adviser in the relevant jurisdiction.

9. Notice To US Investors

- (a) There will be no public offering of the Thalassa Consideration Shares in the United States. The Thalassa Consideration Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, into, in or within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S), except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

- (b) The Thalassa Consideration Shares are being offered or sold only: (a) outside the United States to non-US Persons (as defined in Regulation S under the US Securities Act) in offshore transactions within the meaning of, and in accordance with, the safe harbour from the registration requirements provided by Regulation S; and (b) within, into or in the United States to persons reasonably believed to be qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act) (in both cases, "Eligible US Holders"). Such Eligible US Holders will be required, among other things, to warrant, to undertake, to acknowledge or to provide supporting documentation with respect to certain information and/or obligations, as the case may be, in order to participate in the transaction. Such warranties will include, among others, warranties as to the facts which establish that the US Person is an Eligible US Holder. A Form of "QIB and Accredited Investor Questionnaire and Acknowledgement" is available from the Receiving Agent.
- (c) Accordingly, Thalassa is not extending the Offer into the US unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, this document does not constitute and will not constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Thalassa Consideration Shares in the US. Subject to certain exceptions, this document will not be sent to, and no Thalassa Consideration Shares will be credited to a stock account in CREST of, any LSR Shareholder with a registered address in the US.
- (d) Subject to certain exceptions, any person who acquires Thalassa Consideration Shares will be deemed to have declared, warranted and agreed, by accepting delivery of this Offer Document, the Form of Acceptance and the Prospectus Equivalent Document and delivery of the Thalassa Consideration Shares, that they are either an Eligible US Holder or they are not, and that at the time of acquiring the Thalassa Consideration Shares they will not be, in the US and are not a US Person (as defined in Regulation S) or acting on behalf of, or for the account or benefit of a US Person (as defined in Regulation S).
- (e) Each recipient of the Offer Document, the Form of Acceptance and the Prospectus Equivalent Document acknowledges that the Thalassa Consideration Shares are "restricted securities" within the meaning of Rule 144(a)(3) of the US Securities Act and it represents that it will not resell the Thalassa Consideration Shares absent registration or an available exemption or safe harbour from registration under the US Securities Act. Resales of Thalassa Consideration Shares may only be made (i) outside the US in offshore transactions to non-US Persons as defined in, and in reliance on, Regulation S or (ii) within the US to investors that are Eligible US Holders. Thalassa will require the provision of documentation from investors in the US and any transferees in the US containing representations and/or further information as to status under the US Securities Act. Thalassa will refuse to issue or transfer Thalassa Consideration Shares to investors that do not meet the foregoing requirements.
- (f) Persons receiving the Prospectus Equivalent Document (including custodians, nominees and trustees) must not mail, forward or otherwise distribute it in or into the United States. Their doing so may invalidate any purported acceptance of Thalassa Consideration Shares pursuant to the Offer.

10. General

- (a) Thalassa reserves the right, with the consent of the Panel (where necessary), to elect to implement the Offer by way of the Scheme. If the Offer is implemented by way of the Scheme, such Scheme will be implemented on the same terms, subject to appropriate amendments to reflect the change in method of effecting the Offer, including (without limitation and subject to the consent of the Panel):
 - (i) its approval by a majority in number representing not less than three-fourths in value of the relevant LSR Shareholders (or the relevant class or classes thereof, if applicable) present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Thalassa may agree and the Court may allow);
 - (ii) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at a LSR General Meeting or at any adjournment of that meeting on or before the 22nd day after the expected date of the LSR General Meeting as set out in the Scheme Document in due course (or such later date, if any, as Thalassa may agree and the Court may allow); and
 - (iii) the sanction of the Scheme by the Court with or without modification (but subject to any such modification being acceptable to Thalassa) on or before the 22nd day after the expected date of the Court hearing to sanction the Scheme as set out in the Scheme Document in due course (or such later date, if any, as Thalassa may agree and the Court may allow) and the delivery of a copy of the Scheme Order within seven Business Days thereafter to the Registrar of Companies in England and Wales.

In addition, if the Offer is implemented by way of the Scheme, the Scheme will be conditional upon the Conditions (other than the Acceptance Condition) and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the Conditions (other than the Acceptance Condition) have either been waived (if permitted) or fulfilled.

- (b) Thalassa reserves the right to direct that a portion of the LSR Shares to be transferred to it pursuant to acceptances of the Offer be transferred directly to a wholly owned subsidiary of Thalassa nominated by Thalassa.
- (c) Each of the Conditions shall respectively be regarded as a separate Condition, and shall not be limited by reference to any other Condition.
- (d) Except with the consent of the Panel, the Offer shall lapse unless all of the Conditions have been fulfilled or, where permitted, waived or, where appropriate, have been determined by Thalassa to be or remain satisfied, by midnight on the 21st day after the later of (i) 27 March 2019; and (ii) the date on which Condition (a) (*Acceptance Condition*), is fulfilled (or, in each case, such later date as Thalassa may determine, with the consent of the Panel).
- (e) In addition, the Offer will lapse if:
 - (i) in so far as the Offer or any matter arising from or relating to the Offer constitutes a concentration with a Community dimension within the scope of the Regulation, the European Commission either initiates proceedings under Article 6(1) (c) of the Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the Regulation and there is then a CMA Phase 2 Reference; or
 - (ii) in so far as the Offer or any matter arising from the Offer does not constitute a concentration with a Community dimension within the scope of the Regulation, the Acquisition or any matter arising from or relating to the Acquisition becomes subject to a CMA Phase 2 Reference,

in each case, before the later of 1.00 p.m. on 27 March 2019 or the date when the Offer becomes or is declared unconditional as to acceptances.

- (f) If the Offer lapses for any reason:
 - (i) the Offer will cease to be capable of further acceptance, and Thalassa and accepting LSR Shareholders will cease to be bound by acceptances of the Offer delivered on or before the time when the Offer lapses.
 - (ii) neither Thalassa nor any person acting in concert with Thalassa for the purposes of the Offer may, pursuant to the City Code, make an offer (whether inside or outside the United Kingdom) for LSR Shares for a period of one year following the date of such lapse, except with the consent of the Panel;
 - (iii) in respect of LSR Shares held in certificated form, Forms of Acceptance, share certificates and other documents of title will be returned by post within 14 calendar days of the Offer lapsing, at the risk of the LSR Shareholder in question, to the person or agent whose name and address is set out in the relevant box on the Form of Acceptance or, if none is set out, to the first-named holder at his registered address. No such documents will be sent to an address in the United States or any other Restricted Jurisdiction; and
 - (iv) in respect of LSR Shares held in uncertificated form, the Receiving Agent will immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the Offer lapsing) give TTE instructions to Euroclear to transfer all LSR Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the relevant LSR Shareholders.
- (g) If Thalassa receives acceptances under the Offer in respect of, and/or otherwise acquires, both 90 per cent. or more in value of the LSR Shares to which the Offer relates and 90 per cent. or more of the voting rights carried by those shares, and assuming that all of the other Conditions have been satisfied or waived (if capable of being waived), Thalassa may choose to apply the provisions of Chapter 3 of Part 28 of the Companies Act to acquire compulsorily any outstanding LSR Shares. If the Offer becomes or is declared unconditional in all respects and Thalassa has (when taken together with Thalassa's existing shareholding in LSR), by virtue of acceptances of the Offer, acquired LSR Shares carrying 75 per cent. or more of the voting rights of LSR but less than 90 per cent. of the LSR Shares to which the Offer relates, it is intended that the Thalassa Board would consider undertaking a corporate action or re-organisation such that LSR continues to be able to meet the "shares in public hands" eligibility requirement under the Listing Rules. In the meantime, Thalassa will ensure that LSR continues to comply with its other continuing obligations under the Listing Rules as a premium listed closed ended investment company. In these circumstances, Thalassa also intends that LSR will retain its REIT status.

Only should it not be viable or practicable to maintain the listing of LSR Shares subsequent to the Offer would Thalassa procure that LSR seeks cancellation of trading of LSR Shares on the premium segment of the main market of the London Stock Exchange.

In the event that Thalassa acquires in excess of 75 per cent. of the entire issued share capital of LSR, is unable to complete a corporate action or re-organisation referred to above and wishes to cancel the continued listing of the LSR Shares, Thalassa will, in such circumstances, comply with Listing Rule 5.2.5 and send a circular to LSR Shareholders seeking the approval of 75% of shareholders in general meeting for such a resolution to cancel the listing.

In the event that Thalassa acquires in excess of 90 per cent. of the entire issued share capital of LSR, Thalassa will provide LSR Shareholders with at least 20 Business Days' notice of the intended date of cancellation, such period to commence on the first date on which notices are sent to LSR Shareholders pursuant to section 979 of the Companies Act 2006.

- (h) Except with the consent of the Panel:
 - (i) settlement of the consideration to which any LSR Shareholder is entitled under the Offer (including pursuant to any Mix and Match Elections) will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Thalassa may otherwise be, or claim to be, entitled against that LSR Shareholder; and
 - (ii) settlement of the consideration to which any LSR Shareholder is entitled will be effected in the manner prescribed in paragraph 19 of Part 1 of this Offer Document not later than 14 calendar days after the date on which the Offer becomes or is declared unconditional in all respects or, if later, within 14 calendar days of the date of receipt of a valid and complete acceptance.

Thalassa reserves the right not to send any consideration to an address in the United States or any other Restricted Jurisdiction, unless the requirements for eligibility to participate in the Offer have, in Thalassa's sole judgement, been met.

- (i) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this Offer Document have the same meaning when used in the Form of Acceptance unless the context requires otherwise. The provisions of Part 2 of this Offer Document shall be deemed to be incorporated and form part of the Form of Acceptance.
- (j) If the expiry date of the Offer is extended, a reference in this Offer Document and in the Form of Acceptance to the First Closing Date or to 27 March 2019 (except in the definition of Offer Period and where the context requires otherwise) shall be deemed to refer to the expiry date of the Offer as so extended.
- (k) The Offer is made in respect of all LSR Shares issued and unconditionally allotted or issued prior to the date on which the Offer closes (or such earlier date as Thalassa may, subject to the rules of the City Code or with the consent of the Panel, determine) other than the LSR Shares already owned by Thalassa. Any omission or failure to send, or make available, this Offer Document, the Form of Acceptance, the Prospectus Equivalent Document or any other document relating to the Offer and/or notice required to be sent or made available under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is, or should be, made shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to the provisions of paragraph 8 of this Section C of Part 2 of this Offer Document, the Offer is not made to any LSR Shareholder to whom this Offer Document, the Form of Acceptance and the Prospectus Equivalent Document or any related document may not be sent or by whom such documents may not be received, viewed or accessed and these persons may request these documents from the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales.
- (l) The Offer is made on 6 March 2019 and is capable of acceptance from that date. The Form of Acceptance, copies of this Offer Document, the Prospectus Equivalent Document and any related documents may be requested from the Receiving Agent, Link Asset Services on 0371 664 0321 or, if calling from outside the United Kingdom, +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales.
- (m) The Offer, all acceptances of the Offer and all elections in respect of it are governed by and will be construed in accordance with English law. The courts of England and Wales have exclusive jurisdiction to settle any dispute arising from or connected with the Offer, all acceptances of the Offer and all elections in respect of it.
- (n) The Thalassa Consideration Shares will be issued credited as fully paid, will be admitted to the Official List with a Standard Listing and to trading on the London Stock Exchange's main market for listed securities and will rank *pari passu* in all respects with each other and with the Existing Thalassa Shares, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date and to participate in the assets of Thalassa upon a winding-up of Thalassa. Thalassa Consideration Shares will be subject to the Articles and will carry the same rights as the Existing Thalassa Shares. Each holder of Thalassa Consideration Shares will have as many votes (on a poll) in the general shareholders' meetings as the number of Thalassa Consideration Shares it holds. A description of the Thalassa Consideration Shares and the rights and restrictions attaching to the Thalassa Consideration Shares is set out in the

Prospectus Equivalent Document, which is published and available to Eligible LSR Shareholders on Thalassa's website at www.thalassaholdingsltd.com. A total of up to 15,985,990 Thalassa Consideration Shares will be issued in connection with the Offer assuming Thalassa acquires the entire issued and to be issued share capital of LSR.

- (o) Fractions of Thalassa Consideration Shares will not be allotted to LSR Shareholders but will be aggregated and sold in the market. The net proceeds of such sale will then be paid in cash to the relevant LSR Shareholder in accordance with their fractional entitlements. Individual entitlements, however, of less than £5.00 will not be paid but will be donated to charity.
- (p) LSR Shares which will be acquired pursuant to the Offer will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or, save as set out in (q) below, paid on or after 6 February 2019, being the date on which Thalassa announced its firm intention to make an offer for LSR pursuant to Rule 2.7 of the Code.
- (q) If, after 6 February 2019, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the LSR Shares, Thalassa reserves the right to reduce the offer consideration by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared or paid, in which case any reference in this Offer Document to the offer consideration for the LSR Shares will be deemed to be a reference to the offer consideration as so reduced and LSR Shareholders will be entitled to receive and retain that dividend and/or distribution and/or return of capital. For the avoidance of doubt, any payments made in cash or by way of the delivery of shares on the vesting of awards calculated by reference to dividends accrued in respect of those underlying vested shares are not to be construed as a dividend, distribution or return of capital for these purposes. In the event of any such dividend and/or other distribution and/or other return of capital being announced, declared or paid in respect of the LSR Shares, an appropriate adjustment will be made to the Mix and Match Facility.
- (r) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Part 2 or in the Form of Acceptance are given by way of security for the performance of the obligations of each relevant LSR Shareholder and are irrevocable (in respect of powers of attorney in accordance with section 4 of the Powers of Attorney Act 1971), except in the circumstances where the donor of the power of attorney, appointment or authority validly withdraws his acceptance in accordance with paragraph 5 of this Section C of Part 2.
- (s) In relation to any Electronic Acceptance, Thalassa reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer (including Mix and Match Elections), whether in order to comply with the facilities or requirements of CREST, or otherwise, provided such alterations, additions or modifications are consistent with the requirements of the City Code or are otherwise made with the consent of the Panel.
- (t) For the purposes of this Offer Document, the time of receipt of a TTE instruction, an ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (u) Any references in this Part 2 to the return or despatch of documents by post shall extend to the return or despatch by such other method as the Panel may approve.

SECTION D:

FORM OF ACCEPTANCE FOR LSR SHARES IN CERTIFICATED FORM

This Section D of Part 2 of this Offer Document applies to LSR Shares in certificated form. If you hold all your LSR Shares in uncertificated form, you should ignore this Section D and instead read Section E of Part 2 of this Offer Document.

For the purposes of this Section D of Part 2 of this Offer Document and the Form of Acceptance, the phrase “**LSR Shares in certificated form comprised in the acceptance**” shall mean the number of LSR Shares inserted in Box 1 of the Form of Acceptance or, to the extent you fail to enter a number in Box 1, the number of LSR Shares pre-printed in Box A (being the number of LSR Shares set out against a LSR Shareholder’s name as at 6 p.m. on 5 March 2019) of the Form of Acceptance, or, to extent you enter the word “ALL” or any other word or marking in Box 1, or a number greater than the relevant LSR Shareholder’s holding of LSR Shares is inserted in Box 1, the greater of:

- (i) the relevant LSR Shareholder’s entire holding of LSR Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the time the Form of Acceptance is processed by them;
- (ii) the relevant LSR Shareholder’s entire holding of LSR Shares in certificated form as disclosed by details of the register of members made available to the Receiving Agent prior to the latest time for receipt of Form(s) of Acceptance, which can be taken into account in determining whether the Offer is unconditional as to acceptances; and
- (iii) the number of LSR Shares in certificated form in respect of which certificates or an indemnity in lieu thereof is received.

Without prejudice to the terms of the Form of Acceptance and the provisions of Sections A, B and C of this Part 2 of this Offer Document, each LSR Shareholder by whom, or on whose behalf, a Form of Acceptance is executed and lodged with the Receiving Agent, represents, warrants and agrees to and with Thalassa and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) that:

- (a) the execution of a Form of Acceptance whether or not any Boxes are completed and whether or not the Form of Acceptance is validly executed as a deed shall constitute:
 - (i) an acceptance of the Offer in respect of the number of LSR Shares in certificated form comprised in the acceptance;
 - (ii) if Box 2A or Box 2B is completed, an election under the Mix and Match Facility to receive, subject to availability as a result of offsetting elections, in the case of Box 2A additional Thalassa Consideration Shares instead of cash, or, in the case of Box 2B, additional cash instead of the Thalassa Consideration Shares, in each case in respect of the number of LSR Shares in certificated form inserted, or deemed to be inserted, in Box 2A or Box 2B of the Form of Acceptance as the case may be; and
 - (iii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required to enable Thalassa to obtain the full benefit of this Section D of Part 2 of this Offer Document and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer;

in each case on and subject to the terms set out or referred to in this Offer Document and the Form of Acceptance and that each such acceptance and undertaking shall be irrevocable. If no Boxes are completed, the total number of LSR Shares inserted in Box 1 is greater than the number of LSR Shares in certificated form comprised in the acceptance, or the word “ALL”, any other word or marking is inserted in Box 1, both Box 2A and 2B have been completed, or the acceptance is otherwise completed incorrectly, but the Form of Acceptance is validly signed, it will be deemed to be an acceptance of the Base Consideration of the Offer in respect of all the LSR Shares in certificated form comprised in the acceptance; and if Box 2A or Box 2B is completed but Box 1 is not, there shall be deemed to be an acceptance of the Offer with an election under the Mix and Match Facility in respect of the number of LSR Shares inserted in Box 2A or Box 2B as the case may be and an acceptance of the Base Consideration of the Offer in respect of the remaining (if any) LSR Shares comprised in the acceptance;

- (b) he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the LSR Shares in certificated form comprised in such acceptance and that such shares are to be sold fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption and other interests of any nature whatsoever and together with all rights attaching to them on or after 6 February 2019, including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made, or any other return of capital (whether by reduction of share capital or share premium account or otherwise) made, on or after that date;
- (c) unless “NO” is inserted in Box 3 of the Form of Acceptance, such LSR Shareholder:

- (i) has not received or sent copies or originals of this Offer Document, the Form of Acceptance, the Prospectus Equivalent Document or any related documents in, into or from the United States or any other Restricted Jurisdiction;
 - (ii) has not, in connection with the Offer or the execution or delivery of the Form of Acceptance, utilised, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facility of a national securities exchange of, the United States or any other Restricted Jurisdiction;
 - (iii) is accepting the Offer from outside the United States or any other Restricted Jurisdiction and was outside such jurisdictions when the Form of Acceptance was delivered and was outside the United States or any other Restricted Jurisdiction when accessing and viewing the Prospectus Equivalent Document;
 - (iv) is not acting on a non-discretionary basis (as agent, nominee, custodian, trustee or otherwise) for a principal, unless such LSR Shareholder is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside a Restricted Jurisdiction and the United States;
 - (v) is not accepting the Offer with a view to the offer, sale, resale, delivery or distribution, directly or indirectly, of any Thalassa Consideration Shares in or into the United States or any other Restricted Jurisdiction and will not hold or acquire any Thalassa Consideration Shares for any other person who he has reason to believe is purchasing for the purpose of such offer, sale, resale, delivery or distribution; and
 - (vi) if such LSR Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer; obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such acceptance and that he has not taken or omitted to take any action that will or may result in Thalassa or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer;
- (d) the execution of the Form of Acceptance and its delivery constitute (subject to the Offer becoming or being declared unconditional in all respects) the irrevocable appointment of any directors of, or any person authorised by, Thalassa as his attorney with an irrevocable instruction and authorisation to such attorney to:
- (i) complete and execute all or any form(s) of transfer, renunciation and/or other documents at the discretion of such agent and/or attorney in relation to the LSR Shares in certificated form comprised in the acceptance in favour of Thalassa or such other persons as Thalassa or its agents may direct;
 - (ii) deliver any form(s) of transfer, renunciation and/or other document(s) at the discretion of such agent and/or attorney together with any share certificate or other document(s) of title for registration relating to such LSR Shares; and
 - (iii) take any other action as may, in the reasonable opinion of such agent and/or attorney, be necessary or desirable for the purposes of, or in connection with the acceptance of the Offer and to vest in Thalassa (or its nominees) the full legal title and beneficial ownership of LSR Shares in certificated form comprised in the acceptance;
- (e) the execution of the Form of Acceptance and its delivery constitute an irrevocable instruction and authorisation (subject to the Offer becoming or being declared unconditional in all respects in accordance with its terms):
- (i) to LSR or its agents to procure the registration of the transfer of the LSR Shares in certificated form comprised in the acceptance and the delivery of the share certificate(s) and other document(s) of title in respect of such LSR Shares to Thalassa or as Thalassa may direct;
 - (ii) subject to the provisions of paragraphs 8 and 9 of Section C of this Part 2, in respect of LSR Shares in certificated form comprised in the acceptance, to Thalassa or its agent(s) to procure that the name(s) of LSR Shareholder(s) is/are entered on the register of members of Thalassa in respect of the Thalassa Consideration Shares to which the LSR Shareholder(s) is/are entitled under the Offer (subject to the terms of the Articles);
 - (iii) subject to the provisions of paragraphs 8 and 9 of Section C of this Part 2, to Thalassa, or its agent(s), to procure the issue and despatch by post (or such other method as may be approved by the Panel) of any relevant definitive certificate(s) for the Thalassa Consideration Shares and a cheque in respect of any cash consideration to which such LSR Shareholder is entitled under the Offer to the first-named holder at his registered address or such changed address entered in Box 4 of the Form of Acceptance or such other address which is notified in writing, and is acceptable, to Thalassa; and
 - (iv) to Thalassa or its agent(s), to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of the Wider Thalassa Group in respect of his holding of LSR Shares (until such are revoked or varied);

- (f) the execution of the Form of Acceptance constitutes the giving of authority to each of Thalassa and the Receiving Agent and their respective director(s), officers, partners and agents within the terms set out in Section C and this Section D of this Part 2 of this Offer Document;
- (g) unless the Panel otherwise gives its consent, subject to the Offer becoming or being declared unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse on the outcome of the resolution in question), in respect of LSR Shares in certificated form in relation to which the Offer has been accepted or deemed to be accepted and pending registration in the name of Thalassa or as it may direct:
 - (i) Thalassa or its agents shall be irrevocably authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to call a general or separate class meeting of LSR) attaching to the LSR Shares in certificated form comprised in such acceptance;
 - (ii) the execution of a Form of Acceptance by a LSR Shareholder shall irrevocably constitute with regard to such LSR Shares in certificated form comprised in the acceptance:
 - (A) an irrevocable authority to LSR or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of LSR to Thalassa at c/o Locke Lord (UK) LLP, 201 Bishopsgate, London EC2M 3AB;
 - (B) an irrevocable authority to any directors of, or person authorised by Thalassa or its agent(s) to sign any document and do such things as may, in the reasonable opinion of that agent and/or attorney, be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the LSR Shares held by him in certificated form (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by Thalassa to attend general and separate class meetings of LSR and attending any such meeting and exercising the votes attaching to the LSR Shares comprised in such acceptance on his behalf); and
 - (C) the agreement of such LSR Shareholder not to exercise any such rights without the consent of Thalassa and the irrevocable undertaking not to appoint a proxy for or to attend any such general or separate class meeting of LSR;
- (h) he will deliver to the Receiving Agent, or procure the delivery to the Receiving Agent of, his certificate(s) or other document(s) of title in respect of those LSR Shares in certificated form comprised in the acceptance or an indemnity acceptable to Thalassa, as soon as possible, and in any event within six months of the Offer becoming unconditional;
- (i) he will ratify each and every act or thing which may be done or effected by Thalassa or the Receiving Agent or any of their respective director(s), officers, partners and agents in the exercise of any of the powers and/or authorities set out in this Section D of Part 2 of this Offer Document;
- (j) if any provision of Section C or this Section D of Part 2 of this Offer Document shall be unenforceable or invalid or shall not operate so as to afford Thalassa or the Receiving Agent or any of their respective director(s), officers, partners and agents, or LSR or any of its agents the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be necessary or desirable to enable Thalassa and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them or LSR or any of its agents to secure the full benefit of Section C and this Section D of Part 2 of this Offer Document;
- (k) the terms of the Offer shall be deemed to be incorporated in, and form part of, the Form of Acceptance which shall be read and construed accordingly;
- (l) the Form of Acceptance shall be deemed to be delivered on the date of its execution and shall take effect as a deed on such date;
- (m) the execution of a Form of Acceptance constitutes the LSR Shareholder's submission to the exclusive jurisdiction of the courts of England and Wales in relation to all matters arising in connection with the Offer and such Form of Acceptance; and
- (n) he is not a client (as defined in the FCA Handbook) of finnCap in connection with the Offer.

A reference in this Section D of Part 2 of this Offer Document to a LSR Shareholder includes a reference to the person or persons executing the Form of Acceptance and in the event of more than one person executing such Form of Acceptance the provisions of this Section D of Part 2 of this Offer Document will apply to them jointly and to each of them.

SECTION E:

ELECTRONIC ACCEPTANCE FOR LSR SHARES IN UNCERTIFICATED FORM

This Section E applies to LSR Shares in uncertificated form. If you hold all your LSR Shares in certificated form, you should ignore this Section E and instead read Section D of Part 2 of this Offer Document.

For the purposes of this Section E of Part 2 of this Offer Document, the phrase “**LSR Shares in uncertificated form comprised in the acceptance**” shall mean the number of LSR Shares which are transferred by the relevant LSR Shareholder by Electronic Acceptance to an escrow account by means of a TTE instruction.

Without prejudice to the provisions of Sections A, B and C of Part 2 of this Offer Document, each LSR Shareholder by whom, or on whose behalf, an Electronic Acceptance is made (or Restricted Escrow Transfer and Restricted ESA instructions are sent), represents, warrants and agrees to and with Thalassa and the Receiving Agent (so as to bind him, his personal or legal representatives, heirs, successors and assigns) that:

- (a) the Electronic Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of LSR Shares in uncertificated form comprised in the acceptance;
 - (ii) if validly elected, an election under the Mix and Match Facility to receive, subject to availability as a result of offsetting elections, additional Thalassa Consideration Shares instead of cash, or additional cash instead of Thalassa Consideration Shares, in respect of the number of LSR Shares in uncertificated form to which a Mix and Match TTE Instruction relates; and
 - (iii) an undertaking to execute any documents, take any further action and give any further assurances which may be required to enable Thalassa to obtain the full benefit of this Section E of Part 2 and/or to perfect any of the authorities expressed to be given hereunder and otherwise in connection with his acceptance of the Offer;

in each case on and subject to the terms set out or referred to in this Offer Document and that each such acceptance, election and undertaking shall be irrevocable;

- (b) he is irrevocably and unconditionally entitled to sell and transfer the beneficial ownership of the LSR Shares comprised in such acceptance and that such shares are to be sold fully paid free from all liens, charges, equities, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever and together with all rights attaching to them on or after 6 February 2019 including, without limitation, voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, paid or made on or after that date;
- (c) such LSR Shareholder:
 - (i) has not received or sent copies or originals of this Offer Document, the Form of Acceptance, the Prospectus Equivalent Document or any related documents in, into or from the United States or any other Restricted Jurisdiction;
 - (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex, telephone, internet or other forms of electronic communication) of interstate or foreign commerce of, or of any facility of a national securities exchange of, the United States or any other Restricted Jurisdiction;
 - (iii) is accepting the Offer from outside any Restricted Jurisdiction and was outside those jurisdictions at the time of the input and settlement of the relevant TTE instruction(s) and was outside the United States or any other Restricted Jurisdiction when accessing and viewing the Prospectus Equivalent Document;
 - (iv) is not acting on a non-discretionary basis (as agent, nominee, custodian, trustee or otherwise) for a principal, unless such LSR Shareholder is an authorised employee of such principal or such principal has given any instructions with respect to the Offer from outside the United States or any other Restricted Jurisdiction;
 - (v) is not accepting the Offer with a view to the offer, sale, resale, delivery or distribution, directly or indirectly, of any Thalassa Consideration Shares in or into the United States or any other Restricted Jurisdiction and will not hold or acquire any Thalassa Consideration Shares for any other person who he has reason to believe is purchasing for the purpose of such offer, sale, resale, delivery or distribution; and
 - (vi) if such LSR Shareholder is a citizen, resident or national of a jurisdiction outside the United Kingdom, he has observed the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer; obtained all requisite governmental, exchange control or other consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or duties or other requisite payments due in any such jurisdiction in connection with such

acceptance and that he has not taken or omitted to take any action that will or may result in Thalassa or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance of the Offer;

- (d) the Electronic Acceptance constitutes (subject to the Offer becoming unconditional in all respects in accordance with its terms) the irrevocable appointment of Thalassa as the LSR Shareholder's attorney with an irrevocable instruction and authorisation to such attorney to do all such acts and things as may, in the reasonable opinion of such attorney, be necessary or desirable for the purpose of, or in connection with, the acceptance of the Offer and to vest in Thalassa (or its nominees), the full legal and beneficial ownership of LSR Shares in uncertificated form comprised in the acceptance;
- (e) the Electronic Acceptance constitutes the irrevocable appointment of the Receiving Agent as the accepting LSR Shareholder's Escrow Agent and attorney with an irrevocable instruction and authorisation:
 - (i) upon the Offer becoming unconditional in all respects in accordance with its terms, to transfer to Thalassa (or to such other person or persons as Thalassa or its agents may direct) by means of CREST all or any of the LSR Shares in uncertificated form comprised in the acceptance; and
 - (ii) if the Offer does not become or be declared unconditional in all respects, to give instructions to Euroclear immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the Offer lapsing) to transfer all such LSR Shares to the original balance of the accepting LSR Shareholder;
- (f) the Electronic Acceptance constitutes (subject to the Offer becoming unconditional in all respects in accordance with its terms) an irrevocable instruction and authorisation:
 - (i) subject to the provisions of paragraphs 8 and 9 of Section C of Part 2 of this Offer Document, to Thalassa the Receiving Agent or their respective agents to procure the making of a CREST payment obligation in favour of the LSR Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such shareholder is entitled under the Offer and to transfer any Thalassa Shares to which any LSR Shareholder is entitled in uncertificated form, provided that Thalassa may (if, for any reason, it wishes to do so except in circumstances where a LSR Shareholder has informed the Receiving Agent in writing prior to the Offer being declared unconditional in all respects that it is unwilling to accept settlement of the consideration by cheque or to receive certificated Thalassa Consideration Shares) determine that all or any part of such cash consideration shall be paid by cheque (despatched by post or by such other method as may be approved by the Panel) and/or that all or any of such Thalassa Consideration Shares to which the LSR Shareholder is entitled shall be issued in certificated form (despatched by post or by such other method as may be approved by the Panel) at the risk of the LSR Shareholder, to the first-named holder at his registered address or, to such other address which is acceptable to Thalassa at the risk of the LSR Shareholder, provided that in the case of a LSR Shareholder whose registered address is in a Restricted Jurisdiction or, in the case of the United States, if the LSR Shareholder does not qualify in Thalassa's sole judgment as an Eligible US Holder, such cheques and/or relevant definitive certificate(s) shall be despatched to the first named holder at an address outside the United States or any other Restricted Jurisdiction stipulated by such holder or as otherwise determined by Thalassa;
 - (ii) to Thalassa or its agents, to record, act and rely on any mandates, instructions, consents or instruments in force relating to payments, notices or distributions which have been entered in the records of the Wider Thalassa Group in respect of his holding of LSR Shares (until such are revoked or varied);
- (g) the Electronic Acceptance constitutes the giving of authority to each of Thalassa and its directors, officers, partners and agents within the terms set out in Section C and this Section E of Part 2 of this Offer Document;
- (h) unless the Panel otherwise gives its consent, subject to the Offer becoming unconditional in all respects (or if the Offer would become or be declared unconditional in all respects or lapse on the outcome of the resolution in question), in respect of LSR Shares in relation to which the Offer has been accepted or deemed to be accepted and pending registration in the name of Thalassa or as it may direct:
 - (i) Thalassa or its agents shall be irrevocably authorised to direct the exercise of any votes and any or all other rights and privileges (including the right to call a general or separate class meeting of LSR) attaching to the LSR Shares in uncertificated form comprised in the acceptance; and
 - (ii) an Electronic Acceptance by a LSR Shareholder shall irrevocably constitute with regard to such LSR Shares in uncertificated form comprised in the acceptance:
 - (A) an irrevocable authority to LSR or its agents to send any notice, circular, warrant or other document or communication which may be required to be sent to him as a member of LSR (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such LSR Shares into certificated form) to Thalassa at c/o Locke Lord (UK) LLP, 201 Bishopsgate, London EC2M 3AB;

- (B) an irrevocable authority to any directors of, or person authorised by Thalassa or its directors to sign any document and do such things as may be necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the LSR Shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his attorney and on his behalf and executing a form of proxy appointing any person nominated by Thalassa to attend general and separate class meetings of LSR and attending any such meeting (and any adjournment thereof) and exercising the votes attaching to the LSR Shares in uncertificated form comprised in the acceptance); and
 - (C) the agreement of such LSR Shareholder not to exercise any such rights without the consent of Thalassa and the irrevocable undertaking not to appoint a proxy for or to attend such general or separate class meeting of LSR;
- (i) if, for any reason, any LSR Shares in respect of which a TTE instruction has been effected in accordance with paragraph 17(b)(ii) or 17(b)(iv) (as the case may be) of the letter from Thalassa contained in Part 1 of this Offer Document are converted to certificated form, he will (without prejudice to paragraph (h) of Section E of Part 2 of this Offer Document) immediately deliver, or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such LSR Shares that are so converted to the Receiving Agent at the address specified in paragraph 5(e) of Section C of Part 2 of this Offer Document or to Thalassa at its registered office or as Thalassa or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Section C of Part 2 of this Offer Document in relation to such LSR Shares without prejudice to the application of this Section E of Part 2 of this Offer Document so far as Thalassa deems appropriate;
 - (j) the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements as referred to in paragraph (f) of this Section E of Part 2 of this Offer Document will, to the extent of the obligation so created, discharge in full any obligation of Thalassa to pay to him the cash consideration to which he is entitled under the Offer;
 - (k) he will do all such acts and things as shall, in the reasonable opinion of Thalassa be necessary or desirable to enable the Receiving Agent to perform its functions as Escrow Agent for the purposes of the Offer or to vest in Thalassa or its nominee(s), upon the Offer becoming unconditional in all respects, the LSR Shares in uncertificated form comprised in the acceptance;
 - (l) he will ratify each and every act or thing which may be done or effected by Thalassa, its directors or the Receiving Agent or any of their respective director(s), officers, partners and agents or by LSR or its agents, as the case may be, in the proper exercise of any of the powers and/or authorities under this Section E of Part 2 of this Offer Document;
 - (m) if any provision of Section C or this Section E of Part 2 of this Offer Document shall be unenforceable or invalid or shall not operate so as to afford Thalassa or the Receiving Agent or any of their respective directors, officers, partners and agents, or LSR or any of its agents the benefit of the authority expressed to be given therein, he will, with all practicable speed, do all such acts and things and execute all such documents that may be necessary or desirable to enable Thalassa and/or the Receiving Agent and any of their respective directors, agents or persons authorised by them or LSR or any of its agents to secure the full benefit of Section C or this Section E of Part 2 of this Offer Document;
 - (n) the making of an Electronic Acceptance constitutes the LSR Shareholder's submission to the exclusive jurisdiction of the courts of England and Wales in relation to all matters arising in connection with the Offer;
 - (o) by virtue of Regulation 43 of the Regulations the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the CREST member accepting the Offer in the terms of all the powers and authorities expressed to be given in Section C, Section D (where applicable by virtue of paragraph (i) above) and this Section E of Part 2 of this Offer Document to Thalassa or the Receiving Agent, or any of their respective directors, officers, partners and agents set out in Part 2 of this Offer Document; and
 - (p) he is not a client (as defined in the FCA Handbook) of finnCap in connection with the Offer; provided that paragraph (c) above shall not apply to LSR Shareholders by whom, or on whose behalf, Restricted Escrow Transfers and Restricted ESA instructions are sent.

A reference in Section E of Part 2 of this Offer Document to a LSR Shareholder includes a reference to the person or persons making an Electronic Acceptance and, in the event of more than one person making an Electronic Acceptance, the provisions of this Section E will apply to them jointly and to each of them.

PART 3: TAXATION

UNITED KINGDOM TAXATION

The comments set out below are based on current UK tax law as applied in England and Wales and HMRC published practice (which may not be binding on HMRC) as at the date of this Offer Document, both of which are subject to change, possibly with retrospective effect. They are intended as a general guide to certain limited aspects of the UK tax treatment of acceptance of the Offer and apply only to LSR Shareholders who are resident for tax purposes in the UK at all relevant times and, in the case of individuals, to whom “split year” treatment does not apply and who are domiciled for tax purposes only in the United Kingdom. The comments below apply only to LSR Shareholders who hold LSR Shares as an investment (other than under an individual savings account (“ISA”)) and who are the absolute beneficial owners thereof. The discussion does not constitute tax advice and does not address all possible tax consequences relating to an investment in LSR Shares. This section does not apply to certain categories of LSR Shareholders, particularly those who carry on certain financial activities (including market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services), those subject to specific tax regimes or benefitting from certain reliefs and exemptions, those connected with LSR or those who have (or are deemed to have) acquired their LSR Shares by reason of an office or employment, who (in each case) may be subject to special rules.

LSR Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

SALE OF LSR SHARES

UK Taxation of Chargeable Gains

Liability to UK tax on chargeable gains will depend on the individual circumstances of each LSR Shareholder:

(i) LSR Shareholders receiving cash pursuant to the Offer

The sale by a LSR Shareholder of LSR Shares for cash pursuant to the Offer will constitute a disposal, or part disposal, for the purposes of UK tax on chargeable gains which may, depending on the LSR Shareholder’s individual circumstances (including the availability of exemptions, reliefs and allowable losses), and in particular, the LSR Shareholder’s base cost in his holding of LSR Shares, give rise to a liability to UK tax on chargeable gains.

No tax should be payable by a LSR Shareholder who is an individual on any gain realised on the disposal or part disposal if the amount of the chargeable gains realised, when aggregated with other gains realised by that LSR Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (the annual exemption for the tax year beginning on 6 April 2018 is £11,700). Broadly, any gains in excess of this amount will be taxed at a rate of 10 per cent. for a taxpayer paying tax at the basic rate and 20 per cent. for higher and additional rate taxpayers, but where the gains of a basic rate taxpayer subject to capital gains tax exceed the unused part of their basic rate band, that excess will be subject to tax at the 20 per cent. rate.

A gain on the disposal or part disposal of LSR Shares by a LSR Shareholder which is within the charge to UK corporation tax (but which does not qualify for the substantial shareholding, or any other, exemption in respect of its LSR Shares) will be subject to corporation tax on chargeable gains in respect of the disposal (the rate of which is currently 19 per cent.). For such shareholders indexation allowance may be available to reduce any chargeable gain arising on the disposal (but not to create or increase any allowable loss).

(ii) LSR Shareholders receiving Thalassa Consideration Shares pursuant to the Offer

To the extent that a LSR Shareholder receives Thalassa Consideration Shares pursuant to the Offer, he may not be treated as having made a disposal of his LSR Shares assuming HMRC accept the transaction as being for commercial reasons. Instead, his Thalassa Consideration Shares may be treated for UK capital gains tax purposes as though they were the same asset as those LSR Shares, acquired at the same time and for the same consideration as those LSR Shares (a tax free share for share exchange).

A subsequent disposal of all or any Thalassa Consideration Shares acquired pursuant to the Offer may result in a liability to UK capital gains tax depending on the relevant shareholder’s individual circumstances. Where the acquisition of the Thalassa Consideration Shares was treated as a share for share exchange the base cost of the Thalassa Consideration Shares will be the same as the original LSR Shares.

(iii) Fractional entitlements

A LSR Shareholder who receives cash as well as Thalassa Consideration Shares by virtue of the sale on his behalf of any fractional entitlements to Thalassa Consideration Shares may not in practice be treated as disposing of the shares in respect of which the cash was received, if the amount of cash received is small in comparison with the value of the original shareholding. In that case, the cash may be treated as a deduction from the base cost of his original shares for the purpose of calculating any chargeable gain or allowable loss on a subsequent disposal. This treatment will not apply where the cash proceeds are greater than the capital gains tax base cost of the original shareholding. Under current HMRC practice, any cash payment of £3,000 or less or which is five per cent. or less of the value of a LSR Shareholder's shareholding at the time of the distribution may generally be treated as small for these purposes.

UK stamp duty and UK stamp duty reserve tax ("SDRT")

No UK stamp duty or SDRT should be payable by LSR Shareholders in respect of the transfer of their LSR Shares as a result of accepting the Offer.

OTHER TAX MATTERS

Special tax provisions may apply to LSR Shareholders who have acquired or who acquire their LSR Shares by the vesting of awards or exercising options under the LSR Share Schemes, including provisions imposing a charge to income tax.

Taxation of chargeable gains

(i) Sale of Thalassa Consideration Shares by individuals

Following an acquisition of Thalassa Consideration Shares, a subsequent disposal or deemed disposal of any such shares by a holder who is an individual within the charge to UK capital gains tax may, depending upon such holder's circumstances and subject to any available exemption or relief (such as the annual exemption of £11,700 for 2018/19 available for UK resident individuals apart from non-domiciled individuals claiming the remittance basis of taxation), give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax.

Individuals who have ceased to be resident for tax purposes in the UK for a period of less than five years and who dispose of their Thalassa Consideration Shares during that period may, in certain circumstances (including the availability of exemptions, reliefs and/or allowable losses), be subject to tax on their return to the United Kingdom in respect of gains realised whilst they are not resident in the United Kingdom.

(ii) Sale of Thalassa Consideration Shares by companies

Following an acquisition of Thalassa Consideration Shares, a subsequent disposal or deemed disposal of any such shares by a holder who is a company within the charge to UK corporation tax may, depending upon such holder's circumstances and subject to any available exemption or relief (such as indexation), give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax.

In calculating any such chargeable gain, companies who are Eligible LSR Shareholders may claim an indexation allowance in respect of the subscription monies and base costs paid for their Thalassa Consideration Shares. Where shares have been purchased or acquired on different dates, consideration will need to be given to the "pooling" rules to determine the correct indexed base cost available to set off against the consideration proceeds to calculate the chargeable gain arising. The indexation allowance will generally only apply from the date the shareholder became liable to make, or made, payment of the subscription monies. It may not be used to create or increase an allowable loss.

Taxation of dividends

Under current UK tax law, Thalassa will not be required to withhold tax at source from dividend payments it makes.

(i) Individuals

UK resident individual shareholders are entitled to an annual tax-free dividend allowance on the first £2,000 of dividend income received. As a result, from 6 April 2018 until 5 April 2019 the tax position is as follows:

- (a) a Thalassa Shareholder who is an individual, resident in the UK for tax purposes does not pay any income tax on the first £2,000 of dividend income they receive;
- (b) a Thalassa Shareholder who is liable to UK income tax at the basic rate (i.e. total income exceeds personal allowances but who is not liable to UK income tax at either the higher or the additional rate) is subject to UK income tax on any dividend income in excess of £2,000 at the rate of 7.5 per cent, to the extent that the dividend income in excess of £2,000 falls above the Thalassa Shareholder's personal allowance (£11,850 for the 2018/19 tax year);

- (c) a Thalassa Shareholder who is liable to UK income tax at the higher rate will be subject to UK income tax on any dividend income in excess of £2,000 at the rate of 32.5 per cent. to the extent that the dividend income in excess of £2,000 falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax, when it is treated as the top slice of the Thalassa Shareholder's income; and
- (d) a Thalassa Shareholder who is liable to UK income tax at the additional rate will be subject to UK income tax on any dividend income in excess of £2,000, at the rate of 38.1 per cent. to the extent that the dividend income in excess of £2,000 falls above the threshold for the additional rate of UK income tax, when it is treated as the top slice of the Thalassa Shareholder's income.
- (ii) Companies

Subject to certain exceptions for traders in securities and insurance companies, a corporate Thalassa Shareholder resident in the UK for tax purposes will normally be exempt from corporation tax on any dividend received from Thalassa (unless certain conditions are not met) and will not be able to claim a tax credit in respect of any such dividend, though each shareholder's position will depend on its individual circumstances. If the conditions for exemption are not, or cease to be, satisfied, or if a Thalassa Shareholder elects for an otherwise exempt dividend to be taxable, the Thalassa Shareholder will be subject to UK corporation tax on dividends received from Thalassa. UK corporation tax would be charged on such dividends at the rate applicable to that corporate shareholder. Shareholders within the charge to corporation tax should consult their own professional advisers.

Stamp Duty and Stamp Duty Reserve Tax

- (i) Offer

No stamp duty or SDRT will generally be payable on the issue of the Thalassa Consideration Shares.

- (ii) Subsequent Transfers

UK stamp duty (at the rate of 0.5 per cent., rounded up where necessary to the nearest £5 of the amount consideration for the transfer) will in principle be payable on any instrument of transfer of the Thalassa Consideration Shares which is executed in the UK or which "relates to any matter or thing done or to be done" in the UK. However, provided that the Thalassa Consideration Shares are not registered in any register kept in the UK by or on behalf of the Company, are not paired with shares issued by a company incorporated in the UK and that all instruments relating to the transfer are executed and retained outside the UK and do not relate to anything done or to be done in the UK, no stamp duty or SDRT should normally arise on the transfer of Thalassa Consideration Shares.

Inheritance tax

Individuals who are domiciled or deemed to be domiciled in any part of the UK may be liable to inheritance tax ("IHT") on the value of any Thalassa Consideration Shares held by them. Non domiciled individuals could be so liable but only in limited circumstances.

The main occasions on which IHT is charged are on the death of the shareholder; on any gifts made during the seven years prior to the death of the shareholder; and on certain lifetime transfers, including certain transfers to trusts or appointments out of trusts to beneficiaries.

The IHT rules are complex and LSR Shareholders should consult an appropriate professional adviser in any case where the rules may be relevant.

Loss of REIT status

The acquisition may result in LSR ceasing to be within the REIT regime. The main effects of this are as follows:

- Loss of corporation tax exemption in respect of profits generated by the property rental business of the REIT.
- Dividends to shareholders out of future profits will no longer be Property Income Distributions ("PIDs") and will instead be taxed as normal dividends as above. PID are subject to income or corporation tax as if the shareholder had received the underlying rental income.
- Distributions of previously undistributed REIT profits will still be PIDs.
- The REIT will be deemed to have sold and required its property assets within the REIT regime at market value. This will generate neither a chargeable gain nor loss and effectively rebases the properties at current market value for the purposes of future disposals.

- Losses incurred within the REIT regime cannot be carried forward for offset against future profits.

THE ABOVE SUMMARY IS INTENDED ONLY AS A GENERAL GUIDE TO THE TAXATION POSITION UNDER UK TAX LEGISLATION AND DOES NOT CONSTITUTE TAX OR LEGAL ADVICE. ANY PERSON WHO IS IN DOUBT AS TO HIS TAXATION POSITION OR WHO REQUIRES MORE DETAILED INFORMATION SHOULD CONSULT HIS OWN PROFESSIONAL TAX ADVISER.

PART 4: ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Thalassa Directors, whose names are set out in paragraph 2(a) below, each accept responsibility for the information contained in this Offer Document except that the only responsibility accepted by them in respect of information relating to LSR, the Wider LSR Group and the LSR Directors, which has been compiled from previously published sources, is to ensure that such information is correctly and fairly reproduced and presented.

To the best of the knowledge and belief of the Thalassa Directors (who have taken all reasonable care to ensure that such is the case), whose names are set out in paragraph 2(a) below, the information contained in this Offer Document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS

(a) The Thalassa Directors and their positions in Thalassa are as follows:

Name	Position
C. Duncan Soukup	<i>Executive Chairman</i>
Graham Cole FCA, FCISI	<i>Non-executive Director</i>
David Thomas	<i>Non-executive Director</i>

The registered office address of Thalassa and the business address of each of the Thalassa Directors is Folio Chambers, PO Box 800, Road Town, Tortola VG1110 British Virgin Islands.

(b) The LSR Directors and their positions in LSR are as follows:

Name	Position
Stephen East	<i>Non-Executive Chairman</i>
Nicholas Vetch	<i>Senior Independent Director</i>
Brett Miller	<i>Non-executive Director</i>

The registered office of LSR and the business address of each of the LSR Directors is 65 Grosvenor Street, London, W1K 3JH.

3. MARKET QUOTATIONS

Set out below are the Closing Prices of LSR Shares and Thalassa Shares on the following dates:

- (a) 8 January 2019 (the last dealing day before the commencement of the Offer Period);
- (b) the first dealing day in each of the six months immediately before the date of this Offer Document; and
- (c) 5 March 2019 (being the Latest Practicable Date).

LSR Shares

Date	Price per LSR Share (pence)
1 August 2018	30.40
3 September 2018	31.10
1 October 2018	30.90
1 November 2018	30.30
3 December 2018	31.30
1 January 2019	28.80
8 January 2019	28.00
5 March 2019	27.80

Thalassa Shares

Date	Price per Thalassa Share (pence)
1 August 2018	88.50
3 September 2018	89.50
1 October 2018	94.50
1 November 2018	88.50
3 December 2018	87.00
1 January 2019	82.50
8 January 2019	81.50
5 March 2019	81.50

4. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES AND CONCERT PARTIES

(a) For the purposes of this paragraph 4:

- (i) **“acting in concert”** with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the City Code and/or the Offer. Persons who will be presumed to be acting in concert with other persons include:
 - (A) a company, its parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
 - (B) a company with any of its directors (together with their close relatives and related trusts);
 - (C) connected advisers (and persons controlling, controlled by or under the same control as such connected advisers) with their clients; and
 - (D) the pension funds of the company or any company covered in (A) above;
- (ii) **“arrangement”** includes indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (iii) **“connected advisers”** includes an organisation which (i) is advising Thalassa in relation to the Offer; (ii) is corporate broker to Thalassa; (iii) is advising a person acting in concert with Thalassa in relation to the Offer or in relation to the matter which is the reason for that person being a member of the concert party; or (iv) is advising a relevant company in relation to the Offer;
- (iv) **“control”** means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give de facto control;
- (v) **“dealing”** includes: (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities; (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities; (iii) subscribing or agreeing to subscribe for securities; (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights; (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; (vii) the redemption or purchase of, or taking or exercising an option over, any of its own relevant securities; and (viii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- (vi) **“derivative”** includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (vii) **“disclosure date”** means the latest practicable date;
- (viii) **“disclosure period”** means the period commencing on 9 January 2018 (the date twelve months prior to the commencement of the Offer Period) and ending on the disclosure date;
- (ix) **“financial collateral arrangement”** means an arrangement of the kind referred to in Note 4 on Rule 4.6 of the City Code;

- (x) a person has an “**interest**” or is “**interested**” in securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities and in particular covers: (i) legal title and beneficial ownership (i.e. the ability to exercise, or control the exercise of, voting rights); (ii) the right, option or obligation to acquire, call for or take delivery of securities under an option or derivative; and (iii) the situation where a person holds a derivative referenced to, or which may result in, a long position in securities;
- (xi) “**relevant securities**” includes (i) securities of LSR which are being offered or which carry voting rights; (ii) equity share capital of LSR or, as the context requires, Thalassa; (iii) securities of Thalassa which carry substantially the same rights as any to be issued as consideration for the Offer; and (iv) securities of LSR or as the context requires, Thalassa, carrying conversion or subscription rights into any of the foregoing; and
- (xii) “**short position**” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(b) **Persons acting in concert**

(i) **Persons acting in concert with Thalassa**

In addition to the Thalassa Directors (together with their close relatives and related trusts) and the members of the Wider Thalassa Group, for the purposes of the City Code, the persons acting, or deemed to be acting, in concert with Thalassa for the purposes of the Offer are:

Name	Type of company	Registered Office	Relationship with Thalassa
finnCap	Private Limited Company	60 New Broad Street, London, EC2M 1JJ	Financial Adviser
WH Ireland Limited	Private Limited Company	24 Martin Lane London EC4R 0DR	Corporate Broker

(ii) **Persons acting in concert with LSR**

Other than the LSR Directors (together with their close relatives and related trusts) and members of the Wider LSR Group, Thalassa is not aware of the identity of other persons and/or persons affiliated with them who are, for the purposes of the City Code, acting, or deemed to be acting, in concert with LSR for the purposes of the Offer:

(c) **Interests in relevant securities of LSR**

- (i) As at close of business on the disclosure date, Thalassa held 21,021,277 LSR Shares.
- (ii) As at close of business on the disclosure date, save as disclosed in paragraph 4(c)(i) above, none of Thalassa, any member of the Thalassa Group, any of the Thalassa Directors, any of such directors' close relatives or any related trusts, nor any other person acting in concert with Thalassa, nor any person with whom Thalassa or any person acting in concert with Thalassa has an arrangement, was interested in, had any rights to subscribe for, or had any short positions in, any relevant securities of LSR.

(d) **Dealings in relevant securities of LSR**

- (i) The following table sets out dealings in LSR Shares by finnCap* during the disclosure period:

Date	Trade	Volume	Price (GBP)
06/02/2019	Buy	10,000	0.28
06/02/2019	Sell	10,000	0.29
06/02/2019	Sell	9,000	0.29
06/02/2019	Sell	5,000	0.32
06/02/2019	Buy	14,000	0.32

*The 24,000 purchases and subsequent sales of LSR Shares of 6 February 2019 were made by finnCap in the ordinary course of its trading activities and were not on the behalf of Thalassa. As set out above, finnCap has no subsequent interest in LSR or Thalassa Shares. The Panel have agreed that these purchases do not carry consequences under Rule 11 of the Code on the grounds of inadvertent mistake.

- (ii) Save as disclosed above, during the disclosure period: (i) none of Thalassa, any member of the Thalassa Group, any of the Thalassa Directors, any of such directors' close relatives or any related trusts, nor any other person acting in concert with Thalassa, nor any person with whom Thalassa or any person acting in concert with Thalassa has an arrangement, had dealings in any relevant securities in LSR; and (ii) none of Thalassa or any person acting in concert with Thalassa has borrowed or lent any relevant securities in LSR (including for these purposes any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold.

(e) **Interests in relevant securities of Thalassa**

- (i) As at the close of business on the disclosure date, the interests of the Thalassa Directors and their close relatives and related trusts in the relevant securities of Thalassa were as follows:

Thalassa Shares

Name	Number of Thalassa Shares	Number of Thalassa Preference Shares
Duncan Soukup ¹	6,841,238	6,841,238
Graham Cole	39,870	39,870
David Thomas	-	-

Notes:

(1) Includes:

- 3,078,667 Thalassa Shares and 3,078,667 Thalassa Preference Shares held by Mr Soukup as trustee of THAL Discretionary Trust, a trust holding shares for the benefit of Thalassa's employees, directors and consultants.
 - 100,000 Thalassa Shares and 100,000 Thalassa Preference Shares held by Mr Soukup's wife.
 - 50,000 Thalassa Shares and 50,000 Thalassa Preference Shares held by Mr Soukup's wife as trustee of the DS Discretionary Trust A.
 - 50,000 Thalassa Shares and 50,000 Thalassa Preference Shares held by Mr Soukup's wife as trustee of The Charitable Trust, a charitable trust.
- (ii) As at close of business on the disclosure date, save as disclosed in paragraph 4(e)(i) above, none of Thalassa, any member of the Thalassa Group, any of the Thalassa Directors, any of such directors' close relatives or any related trusts, nor any other person acting in concert with Thalassa, nor any person with whom Thalassa or any person acting in concert with Thalassa has an arrangement, was interested in, had any rights to subscribe for, or had any short positions in, any relevant securities of Thalassa.
- (iii) For the purposes of Rule 24.3(b)(iii) of the City Code, as at close of business on the disclosure date those persons, other than the Thalassa Directors and their close relatives and related trusts named in paragraph 4(e)(i) above, having an interest of 5 per cent. or more in the relevant securities of Thalassa and which has been notified to Thalassa are:

Name	Number of Thalassa Shares	Number of Thalassa Preference Shares
Lombard Odier Asset Management (Europe) Limited	3,182,266	3,182,266
THAL Discretionary Trust	3,078,667	3,078,667

- (iv) As at the Latest Practicable Date the number of issued Thalassa Preference Shares is 17,270,918.

(f) **Dealings in relevant securities of Thalassa**

- (i) The following table sets out a summary of dealings during the disclosure period in Thalassa Shares by WH Ireland. These dealings are presented in aggregated form in accordance with Note 2 on Rule 24.4. A full list of these dealings is available on Thalassa's website (www.thalassaholdingsltd.com).

Date	Trade	Number of Thalassa Shares	Highest and lowest price paid (GBP)
From 9th January 2019 to 5th March 2019	Buy	117,000	0.73 - 0.74
3 Months Prior to Offer Period			
From 9th December 2018 to 8th January 2019	Buy	44,368	0.84 – 0.85
From 9th December 2018 to 8th January 2019	Sell	Nil	Nil
From 9th November 2018 to 8th December 2018	Buy	46,815	0.85 – 0.86
From 9th November 2018 to 8th December 2018	Sell	Nil	Nil
From 9th October 2018 to 8th November 2018	Buy	485,775	0.88 – 0.92
From 9th October 2018 to 8th November 2018	Sell	6,000	0.90

Dealings 9 Months prior to this period

9th January 2018 to 8th April 2018	Buy	160,000	0.85
9th January 2018 to 8th April 2018	Sell	5,000	0.85
9th April 2018 to 8th July 2018	Buy	510,000	0.84 – 0.84
9th April 2018 to 8th July 2018	Sell	10,000	0.82
9th July 2018 to 8th October 2018	Buy	485,000	0.87 – 0.94
9th July 2018 to 8th October 2018	Sell	36,156	0.88 – 0.94

- (ii) As announced on 12 July 2017 Thalassa has undertaken a share buy-back programme. During the disclosure period Thalassa has bought back a total of 2,157,365 Thalassa Shares at prices between 0.73 pence per share and 0.94 pence per share.
- (iii) Save as disclosed above, during the disclosure period, save as disclosed below in this paragraph 4(f): (i) none of Thalassa, any member of the Thalassa Group, any of the Thalassa Directors, any of such directors' close relatives or any related trusts, nor any other person acting in concert with Thalassa, nor any person with whom Thalassa or any person acting in concert with Thalassa has an arrangement, had dealings in any relevant securities of Thalassa; and (ii) none of Thalassa or any person acting in concert with Thalassa has borrowed or lent any relevant securities in Thalassa (including for these purposes any financial collateral arrangements), save for any borrowed shares which have either been on-lent or sold.

5. MATERIAL CONTRACTS OF THALASSA

The following contracts have been entered into by members of the Thalassa Group otherwise than in the ordinary course of business since 9 January 2017 (the date two years prior to the start of the Offer Period) and are or may be material to Thalassa.

(a) WGP Sale Agreement

On 30 November 2017, Thalassa entered into a conditional sale agreement with Fairfield Industries Incorporated (doing business as FairfieldNodal) ("**FFN**") for the sale of the assets of WGP Group Ltd to FFN for a maximum cash consideration of US\$30,000,000. US\$20,000,000 was received by Thalassa on completion of the sale, which occurred on 1 January 2018, with the remaining \$10,000,000 becoming payable by FFN contingent on certain customer contracts being entered into with 5 years of completion of the agreement. Thalassa is expecting the first \$6,000,000 of this contingent consideration in at least two separate tranches, the first \$1,200,000 has been paid and the balance of £4,800,000 is due on or before 11 September 2019. The agreement contained customary warranties and representations for a transaction of this nature and was completed on 1 January 2018.

(b) Papua Selling Shareholder Agreement

On 15 September 2017, Thalassa and First Equity Limited entered into a selling shareholder agreement in order to facilitate the sale of shares owned by Thalassa in Papua Mining plc ("**Papua**") into a placing which was being carried out by Papua at that time. Pursuant to the terms of the agreement, First Equity Limited agreed to place Thalassa's 40,000,000 shares in Papua at a price of 1.15p per share, resulting in gross proceeds to Thalassa of £460,000.

6. BASES OF CALCULATION AND SOURCES OF INFORMATION

In this Offer Document, unless otherwise stated or the context otherwise requires, the bases and sources used are as described in Part 6 of this Offer Document.

7. OTHER INFORMATION

- (a) Save as disclosed in this Offer Document, there is no agreement, arrangement or understanding by which any securities acquired in pursuance of the Offer will be transferred to any other person, but Thalassa reserves the right to transfer any such shares to any member of the Thalassa Group, including to direct that a portion of the LSR Shares to be transferred to it pursuant to acceptances of the Offer be transferred directly to a wholly owned subsidiary of Thalassa nominated by Thalassa.
- (b) Save as disclosed in this Offer Document, no agreement, arrangement or understanding of whatever nature, whether formal or informal (including indemnity or option arrangements), relating to relevant securities which may be an inducement to deal or refrain from dealing exists between Thalassa or any concert party of Thalassa and any other person.
- (c) Save as disclosed in this Offer Document, there is no agreement, arrangement or understanding (including any compensation arrangements) between Thalassa or any person acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of LSR or any person interested or recently interested in LSR Shares having any connection with or dependence on or which is conditional upon the outcome of the Offer.
- (d) The emoluments of the Thalassa Directors will not be affected by the Offer, completion of the Offer or any other associated transaction.
- (e) finnCap has given and not withdrawn its written consent to the inclusion of the references to its name in the form and context in which they are included in this Offer Document.
- (f) Save as disclosed in this Offer Document, the implementation of the Offer is not expected to have a significant effect on the earnings, assets or liabilities of Thalassa.
- (g) The aggregate fees and expenses expected to be incurred by Thalassa in connection with the Offer are estimated to amount to between £570,000 and £750,000 excluding applicable VAT and similar taxes. Set out below are the estimates of fees and expenses expected to be incurred (each excluding applicable VAT and similar taxes) in relation to:
 - (i) financing arrangements: nil;
 - (ii) financial and corporate broking advice: £250,000;
 - (iii) legal advice: £200,000 - £250,000 (depending on the outcome of the Offer; further legal fees may be incurred and charged by reference to hourly rates and an estimate of the further time and legal work that may be required is uncertain);
 - (iv) accounting advice: £20,000;
 - (v) public relations advice: nil;
 - (vi) other professional services: nil; and
 - (vii) other costs and expenses: £200,000.

In addition, stamp duty of 0.5% on the purchase price of the LSR Shares acquired under the Offer will be payable by Thalassa.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents listed below in this paragraph 8 are available for inspection on Thalassa's website at www.thalassaholdingsltd.com until the end of the Offer (including any related competition reference period):

- (a) this Offer Document and the Form of Acceptance;
- (b) the Prospectus Equivalent Document;
- (c) the Articles;
- (d) the written consent from finnCap referred to in paragraph 7(e) above;
- (e) a full list of any dealings aggregated in paragraph 4(f) above.

Please note, however, that certain information on Thalassa's website may not be accessible to persons in the United States and any other Restricted Jurisdiction. For the avoidance of doubt, the contents of the Thalassa website are not incorporated into, and do not form part of, this Offer Document, save for the information specifically incorporated by reference pursuant to Part 5 of this Offer Document.

PART 5: FINANCIAL AND RATINGS INFORMATION RELATING TO THALASSA AND LSR

1. FINANCIAL AND RATINGS INFORMATION RELATING TO THALASSA

The following table sets out the financial information in respect of Thalassa, as required by Rule 24.3(a) and 24.3(b) of the City Code. Pursuant to Rule 24.15 of the City Code The documents referred to below are incorporated by reference into this Offer Document:

Document	Website where document is available for inspection
Thalassa Annual Report and Accounts for the financial year ended 31 December 2018 (containing Thalassa audited consolidated accounts for the financial year ended 31 December 2018), pages 14 to 41)	https://thalassaholdingsltd.com/company-documents.htm Click on the link entitled "Annual Report and Accounts year to 31 December 2018 and notice of AGM"
Thalassa Annual Report and Accounts for the financial year ended 31 December 2017 (containing Thalassa audited consolidated accounts for the financial year ended 31 December 2017, pages 12 to 36)	https://thalassaholdingsltd.com/company-documents.htm Click on the link entitled "Annual Report and Accounts year to 31 December 2017"

No rating agency has publicly recorded any current credit rating or outlook for Thalassa.

The Thalassa Board is not aware of any significant change in the financial or trading position of Thalassa Holdings Ltd since 31 December 2018 were prepared.

2. FINANCIAL AND RATINGS INFORMATION RELATING TO LSR

The following table sets out the financial information in respect of LSR, as required by Rule 24.3(e) of the City Code. The documents referred to below are incorporated by reference into this Offer Document pursuant to Rule 24.15 of the City Code:

Document	Website where document is available for inspection
LSR Group's audited historical financial statements for the year ended 30 September 2018, pages 21 to 49	http://www.localshoppingreit.co.uk/investor-relations/shareholder-reports/annual-report-2018
LSR Group's audited historical financial statements for the year ended 30 September 2017, pages 26 to 53	http://www.localshoppingreit.co.uk/investor-relations/shareholder-reports/annual-report-2017

In so far as the Thalassa Board is aware, no rating agency has publicly recorded any current credit rating or outlook for LSR.

Save for those publicly announced by LSR, the Thalassa Board is not aware of any significant change in the financial or trading position of LSR.

3. REQUEST FOR HARD COPIES

Subject to certain restrictions relating to persons in the United States and any other Restricted Jurisdiction, any Eligible LSR Shareholder, persons with information rights and any person receiving this Offer Document may request a hard copy of the above information incorporated into this Offer Document by reference by contacting Thalassa in accordance with the instructions above. If requested, copies will be provided, free of charge, within two Business Days of request.

4. NO INCORPORATION OF WEBSITE INFORMATION

Save as expressly referred to herein, neither the content of Thalassa's or LSR's website nor the content of any website accessible from hyperlinks on Thalassa's or LSR's website, is incorporated by reference into, or forms part of, this Offer Document.

PART 6: SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Offer Document:

- (a) the number of issued LSR Shares is based on 82,505,853 shares in issue (excluding shares held in treasury) as provided by LSR subject to Rule 10, Note 3 of the City Code;
- (b) the Closing Prices of LSR Shares and/or Thalassa Shares are based on the middle market quotations of a LSR Share and/or Thalassa Shares derived from the Bloomberg data terminal for the relevant dates;
- (c) all share prices expressed in pence have been rounded to the nearest one decimal place and all percentages have been rounded to one decimal place;
- (d) unless otherwise stated, the financial information relating to LSR is extracted from the audited consolidated financial statements of LSR for the financial year ended 30 September 2018, prepared in accordance with IFRS and as announced on 10 December 2018;
- (e) the financial information relating to Thalassa (including the Thalassa NAV) is extracted from the audited financial statements of Thalassa for the financial year ended 31 December 2018, prepared in accordance with IFRS and as published on 5 March 2019;
- (f) the Proforma NAV per Thalassa Share of 105.8 pence is a per share assumed proforma NAV for Thalassa based on the Offer becoming, or being declared wholly unconditional, and on full acceptance of the Offer. It has been calculated on the following basis (approximate numbers subject to rounding):
 - The combined net asset value of Thalassa and LSR (being the Thalassa NAV of £23.9 million (US\$ 30.5 million and a year-end £:US\$ exchange rate of 1.2747) together with the LSR NAV of £27.7 million

LESS

- Approximately £9 million, being the maximum cash consideration payable under the offer; and
- £7.1 million, being Thalassa's 25.5% interest in the LSR NAV*

This then provides a proforma NAV for the Enlarged Group which is then divided by the enlarged share capital of Thalassa of approximately 33.6 million Thalassa Shares (assuming all of the c.16 million Thalassa Consideration Shares are issued pursuant to the Offer) which results in the proforma NAV per Thalassa Share of 105.8 pence.

This implied Proforma NAV per Thalassa Share is then multiplied by the offer ratio of 0.26 Thalassa Consideration Shares for each Offer Share and then the cash consideration of 14.64 pence per Offer Share is added to produce the proforma NAV per Offer Share.

***LSR Shareholders should note that the implied value of Thalassa's interest in the LSR NAV does not reflect the actual carrying value of Thalassa's interest in LSR on Thalassa's balance sheet as at 31 December 2018 which was US\$ 6.7 million (£5.3 million at year end to £: US\$ exchange rate of 1.2747). Thalassa accounts for its investment in LSR as an associate in accordance with IAS28 and therefore its carrying value is based on the historic cost less Thalassa's share of LSR's accumulated losses since investment.**

- (g) The number of issued Thalassa Shares is based on 17,655,275 Thalassa Shares in issue, as announced by Thalassa on 6 March 2019 (excluding shares held in treasury).
- (h) Certain figures included in this Offer Document have been subject to rounding adjustments.

PART 7: DEFINITIONS

The following definitions apply throughout this Offer Document unless the context otherwise requires:

“Acceptance Condition”	means the acceptance condition to the Offer, as set out in paragraph (a) of Section A of Part 2 of this Offer Document;
“Act” or “Companies Act”	means the Companies Act 2006, as amended from time to time;
“AIM”	means the AIM market of the London Stock Exchange;
“Admission”	means admission of the Thalassa Consideration Shares to the Official List with a Standard Listing and to trading on the main market for listed securities of the London Stock Exchange;
“Announcement”	means the announcement made by Thalassa on 6 February 2019 in relation to the Offer in accordance with Rule 2.7 of the City Code;
“ARL”	means Autonomous Robotics Limited, a wholly owned subsidiary of Thalassa;
“Articles”	the articles of association of Thalassa;
“Authorisations”	means, for the purpose of the relevant Conditions, means authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals;
“Base Consideration”	means the base consideration due to Eligible LSR Shareholders following the Effective Date of 0.26 Thalassa Consideration Shares and 14.64 pence in cash for each LSR Share held;
“Basic Offer TTE Instruction”	means a Transfer to Escrow instruction (as described in the CREST Manual) in relation to LSR Shares in uncertificated form meeting the requirements set out in paragraph 17(b) (ii) of Part 1 of this Offer Document;
“BdL”	the Bourse de Luxembourg;
“Business Day”	means a day, other than a public holiday, Saturday or Sunday, when banks are open in London for general banking business;
“BVI”	means the British Virgin Islands;
“certificated or certificated form”	means, in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST);
“City Code” or “Code”	means the City Code on Takeovers and Mergers as issued from time to time by or on behalf of the Panel;
“Closing Date”	means the date on which the Offer is closed for further acceptance (by Thalassa in its sole discretion);
“Closing Price”	means the closing middle market quotation of a share derived from Bloomberg data terminal;
“CMA Phase 2 Reference”	means a reference of the Offer to the chair of the Competition and Markets Authority (being a UK statutory body established under the Enterprise and Regulatory Reform Act 2013) for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;

“Conditions”	means the conditions to the implementation of the Offer set out in Part 2 of this Offer Document;
“Court”	means the High Court of Justice in England and Wales;
“Court Meeting”	means, should the Offer be implemented by way of a Scheme, the meeting of LSR Shareholders to be convened by order of the Court pursuant to section 896 of the Act for the purpose of considering and, if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention thereof;
“CREST”	means the electronic transfer and settlement system for the paperless settlement of trades in listed securities and the holding of uncertificated securities in accordance with the CREST Regulations operated by Euroclear;
“CREST Manual”	means the manual issued by Euroclear for further information on the CREST procedure;
“CREST participant”	means a person who is, in relation to CREST, a system participant (as defined in the Regulations);
“CREST payment”	means has the meaning given in the CREST Manual issued by Euroclear;
“CREST Regulations”	means the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended;
“CREST sponsor”	means a person who is, in relation to CREST, a sponsoring system participant (as defined in the Regulations);
“CREST sponsored member”	means a CREST member admitted to CREST as a sponsored member under the sponsorship of a CREST sponsor;
“Daily Official List”	means the Daily Official List of the London Stock Exchange;
“Dealing Disclosure”	means an announcement pursuant to Rule 8 of the City Code containing details of dealings in interests in relevant securities of a party to an offer;
“Disclosed”	means the information fairly disclosed by, or on behalf of LSR: (i) in the Annual Report and Accounts of the LSR Group for the financial year ended 30 September 2018; or (ii) in any other public announcement made by LSR in accordance with the Market Abuse Regulations, the Listing Rules and the Disclosure Guidance and Transparency Rules prior to the Announcement;
“Disclosure Guidance and Transparency Rules”	means the rules and regulations made by the FCA under Part VI of the Financial Services and Markets Act 2000 (as amended from time to time), referred to in section 73A(2) of the same and contained in the FCA’s publication of the same name (as amended from time to time);
“Effective Date”	means the date on which: <ul style="list-style-type: none"> (a) the Offer becomes or is declared unconditional in all respects; or (b) if Thalassa elects to implement the Offer by way of a Scheme, the date on which the Scheme becomes effective in accordance with its terms;
“Electronic Acceptance”	means the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this Offer Document (including with respect to an election (if any) under the Mix and Match Facility);
“Eligible LSR Shareholders”	means LSR Shareholders, other than Restricted LSR Shareholders;
“Eligible US Holders”	means qualified institutional buyers (as defined in Rule 144A under the US Securities Act) or accredited investors (as defined in Rule 501(a) under the US Securities Act);
“Enlarged Group”	means the enlarged group following completion of the Offer, comprising the Thalassa Group and the LSR Group;

“ESA instruction”	means an Escrow Account Adjustment Input (AESN), transaction type “ESA” (as defined in the CREST manual);
“Escrow Agent”	means Link Asset Services in its capacity as escrow agent (as described in the CREST Manual issued by Euroclear);
“EU” or “European Union”	means an economic and political union of 28 member states which are located primarily in Europe;
“Euroclear”	means Euroclear UK & Ireland Limited, the operator of CREST;
“Existing Thalassa Shares”	means the Thalassa Shares in issue as at the date of this Offer Document (excluding any Thalassa Shares held in treasury), being 17,655,275 Thalassa Shares;
“FCA”	means the UK Financial Conduct Authority;
“FCA Handbook”	means the handbook of rules made by the FCA as amended from time to time;
“finnCap”	means finnCap Ltd;
“First Closing Date”	means 27 March 2019, being the first closing date of the Offer;
“Form of Acceptance”	means the form of acceptance and authority sent to Eligible LSR Shareholders accompanying the Offer Document or any other documents for use in connection with accepting the Offer;
“HMRC”	means HM Revenue & Customs;
“IFRS”	means the International Financial Reporting Standards, as issued by the International Accounting Standards Board and endorsed by the European Union;
“Latest Practicable Date”	means 5 March 2019, being the last Business Day prior to the publication of this Offer Document
“Listing Rules”	means the rules and regulations made by the UK Listing Authority under Part VI of the Financial Services and Markets Act 2000, as amended, and contained in the UK Listing Authority’s publication of the same name (as amended from time to time);
“London Stock Exchange”	means London Stock Exchange plc;
“LSR”	means The Local Shopping REIT Plc, incorporated in England and Wales with registered number 05304743;
“LSR Board”	means the LSR Directors collectively;
“LSR Directors”	means the directors of LSR as at the date of this Offer Document or, where the context so requires, the directors of LSR from time to time;
“LSR General Meeting”	means, should the Offer be implemented by way of the Scheme, the general meeting of LSR Shareholders (and any adjournment thereof) to be convened for the purpose of considering and, if thought fit, approving the shareholder resolutions necessary to enable LSR to implement the Offer;
“LSR Group”	means LSR and its subsidiaries and subsidiary undertakings from time to time and a “member of the LSR Group” shall be construed accordingly;
“LSR NAV”	means the audited net asset value of LSR as at 30 September 2018;
“LSR Share Schemes”	means the employee and former-employee share schemes of LSR as described in its latest annual report and accounts;
“LSR Shareholders”	means the holders of LSR Shares;

“LSR Shares”	<p>means the shares of 20 pence each in the capital of LSR and includes:</p> <p>(a) the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of 20 pence each in the capital of LSR;</p> <p>(b) any further ordinary shares of 20 pence each in the capital of LSR which are unconditionally allotted or issued and fully paid (or credited as fully paid) before the date on which the Offer closes (or such earlier date or dates as Thalassa may, subject to the City Code, determine); and</p> <p>(c) any LSR Shares held as treasury shares that cease to be held as treasury shares before the date on which the Offer closes (or such earlier date or dates as Thalassa may, subject to the City Code, determine),</p> <p>but excludes any shares held as treasury shares on such date as Thalassa may determine before the Offer closes (which may be a different date(s) to the date referred to in ((b) and (c)), and “LSR Share” means any one of them;</p>
“Market Abuse Regulations”	means the Market Abuse Regulation (2014/596/EU);
“member account ID”	means the identification code or number attached to any member account in CREST;
“Mix and Match Election”	means any election by a LSR Shareholder in connection with the Mix and Match Facility;
“Mix and Match Facility”	means the facility under which Eligible LSR Shareholders are entitled to elect to vary the proportions in which they receive Thalassa Consideration Shares and in which they receive cash in respect of their holdings of LSR Shares to the extent that other such Eligible LSR Shareholders make offsetting elections;
“Mix and Match TTE Instruction”	means a Transfer to Escrow instruction (as described in the CREST Manual) in relation to LSR Shares in uncertificated form meeting the requirements set out in paragraph 17(b) (iii) of Part I of this Offer Document;
“MVL”	means members' voluntary liquidation;
“NAV”	means net asset value;
“NRV”	means net realisable value;
“Offer”	means the offer made by Thalassa to acquire the entire issued and to be issued share capital of LSR on the terms and subject to the conditions set out in this Offer Document and the Form of Acceptance (and, where the context admits, any subsequent revision, variation, extension or renewal of such offer including any election or alternative available in connection with it);
“Offer Consideration”	the total consideration due to a LSR Shareholder accepting the Offer;
“Offer Document”	means this offer document;
“Offer Period”	means the period commencing on 9 January 2019 and ending on: (i) the earlier of the date on which the Offer has become or has been declared unconditional as to acceptances and/or the date on which the Offer lapses or is withdrawn (or such other date as the Panel may decide) other than where such lapsing or withdrawal is a result of Thalassa electing to implement the Offer by way of a Scheme; or (ii) if applicable, the earlier of the date on which the Scheme becomes effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel and/or the Court may decide);
“Offer Shares”	means the LSR Shares other than the 21,021,277 LSR Shares already held by Thalassa;
“Official List”	means the official list maintained by the UK Listing Authority;

“Opening Position Disclosure”	means an announcement pursuant to Rule 8 of the City Code containing details of interests or short position in, or rights to subscribe for, any relevant securities of a party to an offer;
“Overseas Shareholders”	the LSR Shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom;
“Panel”	means the Panel on Takeovers and Mergers;
“participant ID”	means the identification code or membership number used in CREST to identify a CREST member or other CREST participant;
“PrinREE”	means Principal Real Estate Europe (formerly Internos Global Investors Limited);
“Proforma NAV per Thalassa Share”	has the meaning set out in paragraph (f) of Part 6 of this Offer Document;
“Prospectus Directive”	means Directive 2003/71/EC (and any amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state), and includes any relevant implementing measures in each EEA State that has implemented Directive 2003/71/EC;
“Prospectus Equivalent Document” or “Thalassa Prospectus”	means the equivalent document published by Thalassa in respect of the Thalassa Consideration Shares to be issued to LSR Shareholders in connection with the Offer and which is regarded by the UKLA as being equivalent to that of a prospectus prepared in accordance with the Prospectus Rules;
“Prospectus Rules”	means the prospectus rules made by the FCA under section 73A FSMA;
“Receiving Agent”	means Link Asset Services, in its capacity as receiving agent for the purpose of the Offer;
“Regulation”	means Council Regulation (EC) 139/2004 (as amended);
“REIT”	means real estate investment trust;
“Regulatory Information Service”	means one of the regulatory information services authorised by the FCA to release, process and disseminate regulatory information from listed companies;
“Restricted ESA instruction”	has the meaning given to it in paragraph 8(e) of Section C of Part 2 of this Offer Document;
“Restricted Escrow Transfer”	has the meaning given to it in paragraph 8(e) of Section C of Part 2 of this Offer Document;
“Restricted LSR Shareholders”	means those LSR Shareholders who are located in a Restricted Jurisdiction;
“Restricted Jurisdiction”	means any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to LSR Shareholders in that jurisdiction, including the United States and any state or jurisdiction in the United States;
“Scheme”	means, should the Offer be implemented by way of a scheme of arrangement under Part 26 of the Act, such scheme of arrangement between LSR and the LSR Shareholders to implement the Offer with or subject to any modification, addition or condition approved or imposed by the Court;
“Scheme Document”	means, should the Offer be implemented by way of the Scheme, the document to be despatched to LSR Shareholders, including the particulars required by section 897 of the Act, including any supplementary scheme document;
“Scheme Order”	means, should the Offer be implemented by means of the Scheme, the order of the Court sanctioning the Scheme under section 899 of the Act;

“SEC”	means the US Securities and Exchange Commission;
“Significant Interest”	means in relation to an undertaking, a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in the Companies Act) of such undertaking;
“Standard Listing”	means a standard listing under Chapter 14 of the Listing Rules;
“Thalassa”	means Thalassa Holdings Ltd, incorporated in the BVI with registered number 1433759;
“Thalassa Board”	means the Thalassa Directors collectively;
“Thalassa Consideration Shares”	the Thalassa Shares proposed to be issued or transferred to Eligible LSR Shareholders pursuant to the terms of the Offer;
“Thalassa Directors”	means the directors of Thalassa as at the date of this Offer Document or, where the context so requires, the directors of Thalassa from time to time;
“Thalassa Group”	means Thalassa and its subsidiaries and subsidiary undertakings from time to time and “member of the Thalassa Group” shall be construed accordingly;
“Thalassa Net Asset Value” or “Thalassa NAV”	means the audited net asset value of Thalassa as at 31 December 2018;
“Thalassa Preference Shares”	means the preference shares of no par value in the capital of Thalassa;
“Thalassa Shareholders”	means holders of Thalassa Shares;
“Thalassa Shares”	means the shares of US\$0.01 each in the capital of Thalassa from time to time;
“Third Party”	has the meaning given to it in paragraph (k) of Section A of Part 2 of this Offer Document;
“TTE instruction”	means a Transfer to Escrow instruction (as described in the CREST Manual) in relation to LSR Shares in uncertificated form meeting the requirements set out in paragraphs 17(b)(ii) or 17(b)(iii) of Part 1 of this Offer Document, or paragraph 3(a) or 7(h) of Section C of Part 2 of this Offer Document (as applicable), and relating to an acceptance of the Offer;
“UK” or “United Kingdom”	means the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority” or “UKLA”	means the FCA acting in its capacity as the authority for listing in the UK;
“uncertificated” or “in uncertificated form”	means a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST;
“US” or “United States”	means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“US\$” or “\$”	means United States Dollars;
“US Exchange Act”	means the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
“US Person”	means a natural person resident or located in, or a legal person organised under the laws of, the United States;
“US Securities Act”	means the US Securities Act of 1933, as amended and the rules and regulations promulgated thereunder;

“Wider LSR Group”

means LSR and its subsidiaries, subsidiary undertakings, associated undertakings and any other undertaking in which LSR and/or such undertakings (aggregating their interests) have a Significant Interest; and

“Wider Thalassa Group”

Thalassa and its subsidiaries, subsidiary undertakings, associated undertakings and any other undertaking in which Thalassa and/or such undertakings (aggregating their interests) have a Significant Interest.

All times referred to are London time, unless otherwise stated.

All references to “GBP”, “pence”, “sterling” or “£” are to the lawful currency of the United Kingdom.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

All references to “relevant securities” are to that term as it is defined in the City Code.

All references to “subsidiary”, “subsidiary undertaking”, “undertaking” and “associated undertaking” have the respective meanings given to them in the Act.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

References to Thalassa Consideration Shares being “issued” to LSR Shareholders pursuant to the Offer, shall, in relation to any Thalassa Consideration Shares that are held by or on behalf of Thalassa in treasury, be deemed to include a reference to such Thalassa Consideration Shares being “transferred” to LSR Shareholders pursuant to the Offer.

The ejusdem generis principle of construction shall not apply to the terms and conditions of the Offer and/or the Form of Acceptance. Accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words.

