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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014.**

**FOR IMMEDIATE RELEASE**

**25 March 2019**

**Thalassa Holdings Ltd  
("Thalassa" or the "Company")**

**Response to LSR announcement**

**Time to focus on the facts:**

**The Offer represents an attractive exit opportunity for beleaguered LSR Shareholders**

**The Share Buy-back Programme offers post transaction liquidity**

**There is NO certainty of exit through LSR's opaque, costly and open-ended alternative proposal**

The Thalassa Board notes the announcement made by LSR on 21 March 2019 in response to Thalassa's announcement of 19 March 2019.

Whether the LSR Board acknowledges it or not, the Offer represents a deliverable and certain exit at an attractive value of 35.7 pence per Offer Share. The Thalassa Board believes that this value is in excess of any potential return that LSR Shareholders may receive from the LSR Board's unquantified, potentially costly and, in the Thalassa Board's opinion, risky liquidation strategy. Thalassa believes that the LSR proposal is certain only insofar that it will entail additional unquantified costs which will only erode LSR Shareholder value further and yet again reduce LSR's already shattered NAV.

Thalassa believes that the Offer is the best possible alternative for LSR Shareholders to receive fair value for their LSR Shares after having seen the value of their investment continue to decline, as it has every year since inception.

**LSR Shareholders are invited to accept the Offer. The Offer is both: (i) at a premium to LSR's current share price; and (ii) importantly, at a value higher than the historical net realisable value of LSR of 33p to 34.5p per LSR Share (which itself has been undermined by previous cautionary statements by LSR and the passing of time).**

Thalassa is flabbergasted that the LSR Board has apparently spent a significant amount of shareholder funds in an attempt to persuade LSR Shareholders to reject a compelling liquidity opportunity and cannot understand how doing so is consistent with LSR's strategy of bringing a return to LSR Shareholders.

Thalassa is the largest shareholder in LSR. The Thalassa Board urges LSR Shareholders to follow Thalassa's example and take control of their investment in LSR by accepting the Offer, which represents, in the opinion of the Thalassa Board:

1. an attractive value with upside potential through the Thalassa Consideration Shares (Thalassa Shares currently trade at a discount to NAV);
2. a clear liquidity opportunity, with cash as an important part of the total consideration; and
3. for those LSR Shareholders who do not wish to hold their Thalassa Consideration Shares, the opportunity to participate in the Share Buy-back Programme described below.

### ***Share Buy-back Programme***

The Thalassa Board has pursued an active share buy-back programme (the "Programme") for a number of years, which it believes has substantially enhanced Thalassa's book value per share for ALL Thalassa Shareholders.

Since Thalassa commenced buying back its shares, it has repurchased nearly 8 million shares or approximately 30% of its entire issued share capital (including shares held in treasury). In the Thalassa Board's opinion, this is a prudent use of capital based on the discounted price of Thalassa Shares to its NAV and is therefore beneficial to all of its shareholders.

The Thalassa Board has committed (as a post-offer intention statement under the Takeover Code) to maintain the Programme following completion of the Offer and until at least such time as the full £6 million has been utilised. The Thalassa Board will at such time consider whether to renew the Programme again, if such a course of action is in the interests of all Thalassa Shareholders.

**The Programme will continue to provide liquidity for Thalassa Shareholders, including LSR Shareholders who accept our offer but do not wish to hold the Thalassa Consideration Shares issued to them as part of the Offer.**

Thalassa wishes to emphasise to Thalassa and LSR Shareholders that this is a "post-offer intention statement" to which Rule 19.6 of the Code applies. Thalassa is willing to attribute this weight to the statement in connection with its Offer.

Thalassa is authorised to buy-back Thalassa Shares with a total value of up to £6.0 million. Based on the Closing Price of a Thalassa Share of 81 pence per Thalassa Share on 22 March 2019, and assuming full acceptance of the Offer, the aggregate value of Thalassa Consideration Shares that may be issued pursuant to the Offer is approximately £12.9 million. Pursuant to the buy-back authority in place at the date of this Announcement, approximately £5.8 million of the buy-back authority described above remains available to be deployed.

### ***LSR Shareholder voting in respect of the proposed Members Voluntary Liquidation***

The Thalassa Board notes LSR's selective commentary regarding voting at LSR's general meeting in December 2018. Thalassa observes that the number of LSR Shares that voted in favour of the relevant resolution was only 34,127,797, or approximately 41.45% of LSR's issued share capital.

### **58.6% OF LSR SHAREHOLDERS EITHER DID NOT VOTE OR VOTED AGAINST THE LSR RESOLUTION TO LIQUIDATE THE COMPANY.**

Thalassa questions why the LSR Board will not respect the wishes of the majority of LSR Shareholders and continues to pursue what, in the Thalassa Board's opinion, is a costly and forlorn strategy which shareholders have already turned down.

The Thalassa Board urges LSR Shareholders to ignore what it feels can only be described as desperate and self-serving statements of the LSR Board and to instead accept Thalassa's Offer. **The First Closing Date of the Offer is 1:00pm on 27 March 2019.**

### ***Duncan Soukup, Executive Chairman of Thalassa, said:***

"The Thalassa Board would like to emphasise that the Offer is a bona fide offer which the LSR Board continues to reject for reasons which, in my opinion, appear more personal than logical. Thalassa is able to offer an exit to LSR Shareholders at a premium to the current price of an LSR Share and also at a premium to the last published figure that the LSR Board has disclosed might be delivered under a liquidation of the Company.

### **"I note the following:**

- **the LSR Board has failed to return any material value to LSR Shareholders since IPO;**
- **the LSR Board has presided over aggregate losses after tax amounting to almost £100 million since IPO;**
- **I have no faith in the LSR Board's suggested net asset or net realisable values in light of ongoing asset writedowns, transactions costs and the absence of any quantification of potential returns were the LSR Board's proposals to be followed; and**
- **any suggestion that a Premium Listing's corporate governance requirements have protected LSR Shareholders is, in my view, laughable given the losses incurred by LSR."**

"The Thalassa Board is committed to continuing the current buy-back Programme and undertakes to give ALL Thalassa Shareholders the same commitment it has given since inception, which is to manage our shareholders' money with the same care and attention as we manage our own money."

"As I have stated in the past, our Offer provides LSR Shareholders with an attractive premium to both the prevailing LSR share price as well as the company's most recent (but now dated) indication of a realisable NAV per LSR Share."

"Thalassa totally rejects the irrelevant assertions by the LSR Board with regard to the issue of preference shares; a criticism that is ironic insofar that it comes from a board which has, in my opinion, itself presided over such spectacular value destruction. It is disappointing to note that it would appear that a key part of the LSR Board's strategy (at great cost to LSR

Shareholders) is to attempt to discredit the Thalassa Board's performance, integrity and governance in order, in my opinion, to deflect attention away from its own failings. I can see no good reason why the LSR Board continues to expend a considerable amount of LSR Shareholders' cash in preventing those same shareholders from accepting the Offer.

**“Finally, it is important for long-suffering individual LSR Shareholders to understand that they may need themselves to contact the nominees, fund managers, and personal advisers who represent them to make it clear that it is their wish to accept the Offer. These intermediaries may be reluctant, as the LSR Board has been, to accept the reality that its investment decisions on your behalf have failed. Explain to them that the Offer makes sense. In the absence of direct instructions, there can be no certainty that these intermediaries will make an informed decision on your behalf.**

**“Whether you wish to stay invested in Thalassa or not, the Offer is the only credible, attractive and certain exit available for LSR Shareholders. I urge you to make sure that you, and your advisers, accept it.”**

### ***The Offer Document***

The Offer Document containing the full terms and conditions and procedures for acceptance of the Offer and the related Form of Acceptance (where applicable) was posted to LSR Shareholders on 6 March 2019.

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

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### **Sources and assumptions**

The relevant sources of information and bases of calculations are provided in the order in which such information appears in this Announcement. Where any such information is repeated above, the underlying sources and bases are not repeated.

The references to Thalassa's current Offer value of 35.7 pence per Offer Share are based on a Closing Price of 81 pence per Thalassa Ordinary Share on 22 March 2019.

The references to a potential return net realisable value under the MVL and having been undermined by LSR's own statements that assets have continued to be sold at a loss are based on announcements made by LSR since 11 October 2018 providing updates on their property disposals.

The references to the aggregate asset write down of £103.2 million are calculated as the aggregate value of fair value adjustments in LSR's assets as reported in LSR's annual report and accounts from 30 September 2007 to 30 September 2018.

The references to LSR's Gross Rental Income of £145.1million and Net After Tax loss of £99.8 million are calculated from an aggregation of such figures published in LSR's annual report and accounts from 30 September 2007 to 30 September 2018

### **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 10<sup>th</sup> Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. on the 10<sup>th</sup> 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](http://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.

## **Publication on website**

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

## **Rule 2.9 disclosure**

In accordance with Rule 2.9 of the City Code on Takeovers and Mergers, the Company now has in issue 17,565,275 ordinary shares carrying one vote each (excluding the 8,002,247 ordinary shares held in Treasury) and admitted to the standard listing segment of the Official List of the UK Listing Authority (the "Official List") and to trading on London Stock Exchange plc's main market ("Main Market") for listed securities. Furthermore, Thalassa has in issue 17,177,547 preference shares (each carrying 10 votes), and are not admitted to trading on any exchange. The ISIN for the Thalassa ordinary shares is VGG878801031.

## **Rule 27.2**

For the purposes of Rule 27.2 of the Code:

- (i) save as for Thalassa's views on the past performance and conduct of Thalassa and LSR, sourced from publicly available information (to which the sources and bases of information are set out in Thalassa's announcement of 19 March 2019), there have been no changes in information disclosed in the Offer Document published by Thalassa in connection with the Offer which are material in the context of that document; and
- (ii) save as for certain further dealings in relevant securities (being principally certain further buybacks of Thalassa Shares by Thalassa), there have been no material changes to matters listed in Rule 27.2(b) of the Code which have occurred since the publication of the Offer Document.



