



Thalassa Holdings Ltd  
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British Virgin Islands

To the Shareholders of Thalassa Holdings Limited

28 September 2020

Dear Shareholder

## Proposed Redemption of Shares

### 1. Introduction

We are writing to you to inform you of the Company's intention to return capital to shareholders by means of a mandatory pro rata redemption of 33.65% of the ordinary shares in the capital of the Company which are outstanding (excluding shares held in treasury), equivalent to 4,715,269 Ordinary Shares in aggregate (the "**Share Redemption**" and "**Return of Capital**"). The Board's intention is that the Return of Capital is made as a capital distribution in specie to Shareholders of shares which the Company holds in:

- The Local Shopping REIT plc ("LSR"); and
- Anemoi International Ltd ("Anemoi").

As previously announced, the Company owns 92.62% of the issued share capital of LSR following completion of the tender offer carried out by LSR in September 2019. The book value of this shareholding in the Company's interim financial statements as at 30 June 2020 was US\$7,788,760 ("**LSR Book Value**").

Anemoi is a newly incorporated BVI company which is 100% owned by the Company and has been set up with the intention that it be admitted to the Official List of the FCA by way of a standard listing and application be made to London Stock Exchange plc for its shares to be admitted to trading on the main market for listed securities of the London Stock Exchange. On completion of the Company's proposed initial subscription for shares in the capital of Anemoi, the book value of this shareholding is estimated by the Board to be US\$980,000 ("**Anemoi Book Value**").

Under BVI law, the Share Redemption and resulting Return of Capital are subject to the Board being satisfied as to the on-going solvency of the Company and to the memorandum and articles of association of the Company, but otherwise these transactions are not conditional on shareholder approval or statutory process. Accordingly, the Board considered the solvency of the Company at a board meeting on 14 July 2020 and resolved that it was satisfied as to the Company's on-going solvency. The Board has also been advised by its BVI counsel that the Share Redemption is permitted under the Company's memorandum and articles of association and the relevant provisions of the BVI Business Companies Act 2004.

Shareholders will receive their pro rata share of the Return of Capital, in the form of a capital distribution in specie of LSR Shares and Anemoi Shares ("**Share Transfers**") on the basis of

#### **1.5 LSR Shares and 2 Anemoi Shares for each Ordinary Share held at the Record Date**

Shareholders should note that entitlements to the LSR Shares will be rounded up to the nearest whole number. It is not anticipated that there will be any fractional entitlements in relation to the Anemoi Shares. Further details of the Share Transfers are set out below in paragraph 3.

Upon completion of the Return of Capital and Share Transfers, each Shareholder will have a new shareholding in LSR and Anemoi.

The Board understands that, upon, inter alia, the Share Redemption and Return of Capital taking place and the Share Transfers being completed:

- the Financial Conduct Authority will lift the suspension of trading in the LSR Shares and Shareholders will be free to sell their LSR Shares as they see fit; and
- Anemoi will be admitted to trading on the Main Market of the London Stock Exchange plc and Shareholders will be free to sell their Anemoi Shares as they see fit.

The Board notes that upon the Share Transfers being completed, Shareholders will maintain their current indirect pro rata interest in LSR and Anemoi and there will be no dilutive effect on such interests. The effect of the Share Transfers will be that Shareholders

will then hold directly all of their current indirect pro rata interest in LSR and Anemoi and be able to deal with such holdings as they see fit.

Only existing Shareholders as at the Record Date will be entitled to the Return of Capital resulting from the Share Redemption and therefore receive any LSR Shares and Anemoi Shares pursuant to the Share Transfers.

## 2. Effect on Group Structure and Shareholdings

As at the date of this announcement, the Company was interested in 21,021,277 shares in LSR, representing 92.62% of LSR's total outstanding voting share capital and 30,000,000 shares in Anemoi, representing 100% of Anemoi's outstanding voting share capital.

As a result of the Share Transfers:

- the Company's shareholding in LSR will be reduced by approximately 21,019,500 LSR Shares (the final number of shares to be transferred will be calculated based on holdings at the Record Date and resulting fractional entitlements); and
- the Company's shareholding in Anemoi will be reduced from 30,000,000 Anemoi Shares to 1,973,966 Anemoi Shares.

Upon completion of the Share Redemption, there will be 9,297,748 Ordinary Shares remaining outstanding (excluding shares held in treasury).

## 3. Details of the Share Transfers

Assuming approximately 21,019,500 LSR Shares are transferred under the LSR Share Transfer; the aggregate value of such shares will be approximately US\$7,788,760 (based on the LSR Book Value).

The aggregate value of the Anemoi Shares to be transferred under the Anemoi Share Transfer is approximately US\$915,517 (based on the Anemoi Book Value).

The LSR Shares and Anemoi Shares to be transferred under the Share Transfers are credited as fully paid and will rank pari passu in all respects with all other LSR Shares and Anemoi Shares in issue.

## 4. Financial Effects of the Return of Capital and Share Transfers

Completion of the Share Redemption, Return of Capital and Share Transfers will result in the Company's share capital being reduced by the aggregate par value of the Ordinary Shares which are redeemed and the share premium being reduced by the difference between the aggregate value of the LSR Shares and Anemoi Shares transferred and such aggregate par value.

The Company's investment in LSR will be reduced by approximately US\$7,788,760 and in Anemoi by approximately US\$915,517.

## 5. Taxation

The following comments are intended as a general guide only and are based on current UK law and HM Revenue & Customs' practice as at the date of this document. These comments deal only with Shareholders who are resident or ordinarily resident for taxation purposes in the United Kingdom, who are the absolute beneficial owners of fully paid Ordinary Shares and who hold them as an investment. They do not deal with the position of certain classes of Shareholder; such as dealers in securities or persons regarded as having obtained their Ordinary Shares by reason of employment. Therefore, any such Shareholders are advised to satisfy themselves as to the tax consequences for them of their ownership of Ordinary Shares in the Company.

### Corporate Shareholders

Subject to the comments below, we would expect the Share Redemption to qualify as a repayment of capital on the Ordinary Shares under section 1000(1)(B)(a) of the Corporation Tax Act 2010 ("**CTA 2010**") and therefore would not expect any part of the proceeds received by a corporate Shareholder on the Share Redemption to be an income distribution in the Shareholder's hands.

A disposal of Ordinary Shares by a corporate Shareholder under the Share Redemption may give rise to a chargeable gain or allowable loss for the purposes of United Kingdom corporation tax, depending on the circumstances and subject to any available exemptions or reliefs. Corporation tax is charged on chargeable gains at the rate applicable to that Shareholder.

### Individual Shareholders

We would expect the Share Redemption to be treated as giving rise to a capital receipt for individual Shareholders, on the basis of current UK law, and therefore would not expect any part of the proceeds received by an individual Shareholder on the Share Redemption to be taxed as income in the Shareholder's hands.

On the basis of the comments above, the Company would expect the Share Redemption to be treated as a disposal of the relevant Shares for capital gains tax ("**CGT**") purposes. The Share Redemption may give rise to a liability to CGT depending on the individual Shareholder's particular circumstances (including the availability of exemptions, reliefs or allowable losses).

Part 15 CTA 2010 and Chapter 1 of Part 13 of the Income Tax Act 2007 ("**ITA 2007**") are anti-avoidance provisions which might be applied to the Share Redemption so as to treat all or part of the receipt as income in the hands of Shareholders within the charge to UK corporation tax and within the charge to income tax respectively. The Company would not expect Part 15 CTA 2010 or Chapter 1 of Part 13 of ITA 2007 to apply.

The Company does not believe that stamp duty or stamp duty reserve tax will be due on the Share Transfers, however Shareholders should seek their own tax advice appropriate for their individual circumstances.

## 6. Settlement Arrangements for Share Redemption and Share Transfers

### Share Redemption

The Depositary Interests (DIs) representing Ordinary Shares will be disabled in CREST after close of business on the Record Date and the existing ISIN (VGG878801031) (the "**Old ISIN**") will expire.

The new ISIN number, which is VGG878801114 in respect of the remaining Depositary Interests representing Ordinary Shares which have not been redeemed (the "**New ISIN**") will be enabled and available for transactions from and including 22 October 2020.

Up to and including the Record Date, Ordinary Shares will continue to be traded under the Old ISIN and as such, a purchaser of such Ordinary Shares would have a market claim for a proportion of the redemption proceeds. CREST will automatically transform any open transactions as at the Record Date into the New ISIN. Existing certificated holders will be issued a replacement share certificate within five working days of the record date, which will reflect Shareholders' updated shareholding post-redemption.

### Share Transfers

The LSR register is maintained by Equiniti as registrar and it is Equiniti that will arrange to issue the LSR Share entitlements into CREST against ISIN GB00B1VS7G47 on or soon after 23 October 2020. CREST will automatically transform any open transactions against ISIN VGG878801031 as at the Record Date into the New ISIN and the linked LSR entitlements. If held in certificated form, an LSR certificate will be posted as the shareholders' own risk not later than 10 business days following the Record Date.

The Anemoi register is maintained by Link as registrar and it is Link that will arrange to issue the Anemoi Share entitlements into CREST against ISIN VGG0419A1057 on or soon after 23 October 2020. CREST will automatically transform any open transactions against ISIN VGG878801031 as at the Record Date into the New ISIN and the linked Anemoi entitlements. If held in certificated form, an Anemoi certificate will be posted as the shareholders' own risk not later than 10 business days following the Record Date.

## 7. Overseas Shareholders

Neither this letter nor any of documents relating to the Share Redemption, Return of Capital or the Share Transfers will be registered or filed under applicable securities legislation of any jurisdiction. The Board has made no enquiries as to the applicable securities legislation of any overseas jurisdiction or the requirements of any relevant regulatory body or stock exchange for the Share Transfers.

It is the responsibility of any person (including but without limitation, a nominee agent and trustee) receiving this letter and/or any other documents relating to the Share Redemption, Return of Capital and Share Transfers outside of the United Kingdom and wishing to receive the LSR Shares and Anemoi Shares under the Share Transfers to satisfy himself/herself/itself as to the full observance of the laws of the relevant territory or jurisdiction including the obtaining of any consents for observing any formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction. Any acceptance of the LSR Shares and Anemoi Shares under the Share Transfers by any Shareholder will be deemed to constitute a representation and warranty from such person to the Company that those local laws and requirements of the relevant territory or jurisdiction have been fully complied with. If you are in any doubt as to your position, you should consult your professional advisers.

In the event that as at the Record Date, there are any Shareholders with a registered address outside the United Kingdom<sup>1</sup>, the Board will, at its discretion, make further enquiries as to the applicable securities legislation of the relevant overseas jurisdiction or the requirements of any relevant regulatory body or stock exchange for the transfer of the LSR Shares and Anemoi Shares to such Shareholders. In the event that based on advice provided by the legal advisers in those jurisdictions, the Board should take the view that it is necessary or expedient not to transfer for the LSR Shares and Anemoi Shares to such overseas Shareholders, then the Board may, at its sole discretion, make further arrangements for the LSR Shares and Anemoi Shares which would otherwise have been transferred to the overseas Shareholders to be sold in the market as soon as practicable after the Share Redemption, with the proceeds of such sale, less the expenses of such sale, to be paid to the relevant Shareholders in Pounds Sterling. The Company will retain individual amounts of less than £100 for the benefit of the Company.

## Outline Timetable

**2020**

Board Approval and Announcement of Share Redemption, Return of Capital and Share Transfers	25 September
Record Date	6.00 pm on 21 October
Expiry of Old ISIN	6.00 pm on 21 October
New ISIN number enabled	22 October
Ordinary Shares commence trading ex-entitlement to Share Redemption and Return of Capital	22 October
Crediting of updated Thalassa DIs to CREST Shareholder's accounts	22 October
Crediting of LSR Shares and Anemoi Shares into CREST Shareholders' accounts	23 October
Issue of Share Certificates representing LSR Shares and Anemoi Shares to non-CREST Shareholders	Not later than 2 November
Issue of Share Certificates representing updated Thalassa Ordinary Shares	Not later than 2 November
Expected date of lifting of suspension of trading in LSR Shares	19 November
Expected date of Admission of Anemoi	26 October

## Definitions

<b>Anemoi</b>	Anemoi International Ltd, a company incorporated in the British Virgin Islands under number 1433759
<b>Anemoi Book Value</b>	the market value of the Company's shareholding in Anemoi estimated by the Board, being US\$980,000
<b>Anemoi Share Transfer</b>	the proposed transfer of 28,026,034 Anemoi Shares in aggregate to Shareholders
<b>Anemoi Shares</b>	ordinary shares of no par value in the capital of Anemoi
<b>Board</b>	the board of directors of the Company
<b>CGT</b>	taxation of chargeable gains
<b>Chapter I ITA 2007</b>	Chapter I of Part 13 of the Income Tax Act 2007
<b>CREST</b>	the relevant system (as defined in the Regulations) which enables title to units of relevant securities (as defined in the Regulations) to be evidenced and transferred without a written instrument and in respect of which Euroclear is the Operator (as defined in the CREST Regulations)
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
<b>CTA 2010</b>	the Corporation Tax Act 2010
<b>Equiniti</b>	Equiniti Limited, registrar to LSR
<b>LSR</b>	The Local Shopping REIT plc
<b>LSR Book Value</b>	the book value of the Company's shareholding in LSR as stated in the Company's interim financial statements to 30 June 2020, being US\$7,788,760
<b>LSR Share Transfer</b>	the proposed transfer of approximately 21,019,500 LSR Shares in aggregate to Shareholders
<b>LSR Shares</b>	ordinary shares of 1p each in the capital of LSR
<b>New ISIN</b>	VGG878801114
<b>Old ISIN</b>	VGG878801031
<b>Ordinary Shares</b>	ordinary shares of US\$0.01 each in the capital of the Company
<b>Record Date</b>	the record date in relation to the Return of Capital, being 21 October 2020
<b>Return of Capital</b>	the proposed payment of capital to Shareholders
<b>Share Redemption</b>	the proposed redemption of 4,715,269 Ordinary Shares by the Company
<b>Share Transfers</b>	the proposed Anemoi Share Transfer and LSR Share Transfer
<b>Shareholders</b>	holders of Ordinary Shares in the capital of the Company
<b>Thalassa or the Company</b>	Thalassa Holdings Limited
<b>US\$</b>	US dollars, the lawful currency of the United States of America





