

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your shares in The Local Shopping REIT plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



the **Local Shopping** reit plc

24 February 2020

Dear Shareholder

Annual General Meeting of The Local Shopping REIT plc (the “Company”) to be held on Thursday 26 March 2020

I am writing to you in connection with the forthcoming Annual General Meeting of the Company, the Notice of which (the “AGM Notice”) is enclosed with this letter, together with the Company’s 2019 Annual Report.

As you will be aware, trading in the Company’s shares on the London Stock Exchange was suspended following the share buy-back in September 2019 which resulted in the Company’s largest shareholder, Thalassa Holdings Ltd (“Thalassa”), owning more than 75% of the Company’s issued share capital. This means that the Company no longer complied with requirement of the Listing Rules of the UK Listing Authority (the “Listing Rules”) for a minimum of 25% of a listed company’s issued share capital to be in public hands. The Company’s directors are intent on addressing this matter in tandem with proposals for the future strategy of the Company, which they intend to put before shareholders for their approval in the near future.

As a result of Thalassa being a controlling shareholder (as defined in the Listing Rules) of the Company, the Company is also required by the Listing Rules to implement certain changes in relation to the election of its independent directors in general meetings.

Accordingly, Resolution 5 set out in the AGM Notice, which relates to the re-election of the Company’s independent non-executive director, Gareth Edwards, requires a majority of BOTH: (a) votes cast by shareholders other than Thalassa and its concert parties; AND (b) votes cast by all shareholders, in order to be validly passed so as to comply with Listing Rule 9.2.2ER.

Resolution 8 proposes an amendment to the Company’s Articles of Association to implement this dual-track voting requirement as part of the Company’s constitution. This constitutional amendment is required to comply the requirements of Listing Rule 9.2.2ADR and will only apply for such times as the Company is a premium listed company and has a controlling shareholder.

Further details of these changes are given in the notes accompanying the AGM Notice.

The directors consider that it is in the interests of all the Company's shareholders that it complies with the Listing Rules, which are critical to enabling the restoration of trading in the Company's shares. We therefore urge you to record your vote in favour of all the resolutions contained in the enclosed Notice, in particular, Resolutions 5 and 8. You can do so by completing the enclosed Form of Proxy for the Annual General Meeting and returning it to the Company's Registrar to arrive before 11.00 a.m. on Tuesday 24 March 2020.

Yours sincerely

Duncan Soukup
Chairman