

22 March 2017

Letter to Shareholders

Dear Shareholder,

Last week, the Company received a Requisition to hold a General Meeting from a group of shareholders, which includes the former Chief Executive Officer, Mr Ohanessian (Requisitioning Shareholders). The Requisition appears to be in compliance with the law, and accordingly, a formal Notice of Meeting will be issued within next week or so with the meeting to be held by the second week of May 2017 at the latest.

Whilst the Notice will canvass all relevant details, the Board felt it important to keep shareholders as well informed as possible, as early as possible; hence this letter.

The resolutions to be put to the Meeting will, if passed, have the effect of removing the current Directors, and replacing them with three new directors. There have been statements in the media¹ that the Requisitioning Shareholders want Mr Ohanessian to return to his former role as Chief Executive Officer of the Company.

Your Board terminated the employment of Mr Ohanessian four weeks ago. This was not a hasty decision, and it was certainly not taken lightly. The Board had carefully considered Mr Ohanessian's continued employment and ultimately the Directors felt that they could not properly discharge their duties while Mr Ohanessian remained CEO.

Following the termination of Mr Ohanessian's employment, we immediately appointed a leading international executive recruitment company, Egon Zehnder, to conduct a search for a new CEO. They were also able to source an interim CEO, Mr Robert De Luca. They also sourced some other excellent candidates, and we have interviewed the short list.

We have concluded that Mr De Luca would make an outstanding permanent Chief Executive for the Company. He has a highly successful track record as Managing Director of Bankwest over the past five years and, prior to that, he has had broad senior financial services experience in the CBA Group, including some very relevant experience in the wealth management/financial planning/platform space. He has a career history of building businesses and profits on a sustainable basis.

A dilemma your Board faces is that should we permanently appoint Mr De Luca now, and subsequently are removed as directors at the General Meeting, Mr De Luca will likely be dismissed by the incoming board to make way for Mr Ohanessian's return. This would be costly for the company, and your Board does not wish to expose Mr De Luca to this risk, nor our shareholders to the risk of this cost.

¹ *Australian Financial Review* of 16 March 2017 in an article headed 'Activist shareholders want sacked Praemium CEO back'

Accordingly, we have decided to retain Mr De Luca as interim CEO of the Company until the Meeting. We intend to appoint him as permanent CEO after the Meeting, subject of course to the outcome of the voting on the Resolutions.

A Notice of Meeting will be issued next week, which will cover all the relevant considerations in this matter.



G J Camm
Chairman

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