

# Arnold Bloch Leibler

Lawyers and Advisers

Level 21  
333 Collins Street  
Melbourne  
Victoria 3000  
Australia

DX38455 Melbourne  
www.abl.com.au

Telephone  
61 3 9229 9999  
Facsimile  
61 3 9229 9900

## Facsimile

Attention **ASX Market Announcements Office**  
Company **ASX Limited**  
Fax No. **1300 135 638**

Our Ref JDL  
File No. 011903633

**Contact**  
Jeremy Leibler  
Direct 61 3 9229 9744  
Facsimile 61 3 9916 9523  
jleibler@abl.com.au

From **Jeremy Leibler**  
Date **26 April 2017**  
Subject **Praemium Limited (ASX:PPS)  
Letter to shareholders**  
Total pages **4**



**MELBOURNE  
SYDNEY**

Please see attached communication sent to all shareholders of Praemium Limited earlier today by Paradise Investment Management Pty Ltd atf the Paradise Micro Investment Fund, Australian Ethical Investment Limited and the Abercrombie Group.

Yours sincerely

**Jeremy Leibler**  
Partner

**If you do not  
receive this  
message in full,  
please notify by  
telephoning  
61 3 9229 9999.**

This facsimile  
contains privileged  
and confidential  
information  
intended only for  
the addressee.

If you are not the  
addressee, or the  
person responsible  
for delivering it to  
the addressee, you  
may not copy or  
deliver this  
facsimile to anyone  
else or use or  
disseminate any  
of the information  
contained in this  
facsimile.

If you receive  
this facsimile by  
mistake, please  
notify us  
immediately by  
telephone and  
return the original  
facsimile and all  
copies thereof to  
us by post.

We will reimburse  
any reasonable  
costs you incur in  
notifying us and  
in returning the  
facsimile to us.

Thank you.

Your vote at the  
Extraordinary General Meeting  
on 12 May 2017 is vital  
for Praemium's ongoing success

---

## VOTE FOR ALL RESOLUTIONS

---

**Dear fellow Praemium Limited shareholder,**

As a group of concerned shareholders, we have requested an Extraordinary General Meeting to seek shareholder approval for a change of Directors on the Praemium Limited ("Praemium") Board. Together we (the "Requisitioning Shareholders") collectively own approximately 14% of the shares outstanding of Praemium through Paradise Investment Management Pty Ltd at the Paradise Micro Investment Fund, Australian Ethical Investment Limited, and the Abercrombie Group.

---

**We are seeking your support to change the Board of Praemium,  
by removing the current Directors and replacing them with three new Directors.**

---

### Background

Mr Michael Ohanessian was appointed CEO in 2011. After executing a successful turnaround strategy, he led Praemium through a significant period of revenue and earnings growth. On 22 February 2017 Praemium announced that the Board had immediately terminated the employment of Mr Ohanessian as Chief Executive Officer ("CEO") and Managing Director.

Mr Greg Camm acted as Executive Chairman until Mr Robert De Luca was appointed interim CEO on 3 March 2017.

As the Requisitioning Shareholders, we are concerned about the circumstances surrounding Mr Ohanessian's termination and have subsequently lost confidence in the Board's judgement and its ability to direct Praemium.

### 1. Process and Transparency

Notwithstanding the success of Mr Ohanessian at the helm of Praemium, we believe his employment was terminated without reasonable justification based on the arguments made public by the Board.

In our view, the Board failed to appropriately explain what skill set Mr Ohanessian was lacking, what skill set would need replacing following Mr Ohanessian's termination and what review process and analysis the Board had conducted to come to this conclusion.

There is nothing in the notice of meeting published on 4 April 2017 that changes the view of the Requisitioning Shareholders that a high performing CEO has been dismissed without a credible plan for leadership of the company.

The statements provided by the Board members in the notice of meeting suggest that Mr Ohanessian was terminated due to a breakdown in the working relationship between Mr Ohanessian and the

---

**If you have any questions, please contact our Information Line on 1300 648 874**

---

Board. We regret the breakdown in this relationship; however, based on our conversations with key stakeholders Mr Ohanessian has strong support from staff, customers and investors. In our view, the problem therefore seems to be confined to the Board's relationship with Mr Ohanessian.

The Board subsequently justified Mr Ohanessian's termination with the statement that "the recent relative share price under-performance underscores the Board's decision". In our view, short term fluctuations in the share price should not be a key concern for the Board in evaluating a CEO's performance. Furthermore, we note that the share price outperformed its peer group over both a long-term horizon (5 years), as well as in the last 6 and 12 months prior to Mr Ohanessian's termination.

Furthermore, the speed at which an interim CEO was appointed and then officially confirmed by the Board as the intended permanent replacement for Mr Ohanessian (pending the outcome of the shareholder action) is concerning. For this to be concluded in a period of less than one month from Mr Ohanessian's termination suggests to us that the global executive search process was not as thorough as we would expect.

## **2. Poor risk assessment**

We believe the Board's decision to abruptly terminate Mr Ohanessian substantially increased the operational risk profile of Praemium.

Due to the immediate nature of the termination, there was no CEO transition or succession plan smoothly implemented.

Potential significant disruption to the operations of Praemium, staff morale and investor confidence should have been assessed by the Board before such drastic actions were taken.

## **3. CEO Capability**

As announced to the ASX on 22 February 2017, the key reason provided by the Board for Mr Ohanessian's termination was that "the Board believes that a CEO with a different skill set would better serve the company's leadership needs for the next phase of its growth and development". We disagree, believing Praemium is an early stage growth company requiring hands on management with strong technical expertise. We believe Mr Ohanessian's skill set and knowledge of the company remains vital to Praemium's ongoing success.

## **Proposal for a strong and independent new Board**

In light of the above concerns, the Requisitioning Shareholders are calling for the removal of the incumbent directors and the election of three new independent directors. The Requisitioning Shareholders note the following in relation to the directors proposed to be appointed to the Board:

- Barry Lewin, Stuart Robertson and Daniel Lipshut are independent of the Requisitioning Shareholders and the previous CEO;
- The three proposed directors have been nominated by Abercrombie Group; and
- Barry Lewin, Stuart Robertson and Daniel Lipshut bring a range of valuable and complementary skills that we believe will strengthen the Board's capabilities.

A short-form resume for each of the proposed directors is attached to this letter.

In summary, we believe Mr Ohanessian's leadership has been a key element of Praemium's success over the last 5 years. It is regrettable that the current Board was unable to work more constructively with Mr Ohanessian and instead chose to terminate him as CEO. However, given the broader support that Mr Ohanessian appears to have internally and externally to Praemium, the Requisitioning Shareholders urge all shareholders to support the appointment of a new Board.

For more information or any related queries please contact our **Information Line on 1300 648 874**.

## **A short-form resume for each of the proposed directors**

### **Barry Lewin – Proposed new Independent Non-Executive Chairman:**

- Barry has significant experience advising public and private companies in transaction structuring, debt and equity issues, mergers, acquisitions, business sales and public floats. Prior to establishing SLM Corporate Pty Ltd in 1999, Barry spent twelve years as in-house counsel to leading Australian public companies, managing their legal and commercial Australian and international interests. From 1994-1999 Barry served as General Counsel, Company Secretary and Executive Committee member at diversified international resources company North Limited.
- Barry has previous experience as director of ASX-listed companies Senetas Corporation Limited (1999-2001) and Clean TeQ Holdings Limited (2007-2012), where he also served as Chairman of the Audit Committee. He is currently a director of a number of private companies, including in the not-for-profit sector.
- He has degrees in Commerce and Law and holds an MBA from Swinburne University, Melbourne.

### **Stuart Robertson – Proposed new Independent Non-Executive Director:**

- Stuart is engaged as a consultant by Ellerston Capital responsible for deal origination, structuring and execution primarily in the unlisted market. He has extensive experience working with both listed and unlisted vehicles and is currently a Non-Executive Director of Ellerston Global Investments Limited (since June 2014), Ellerston Asian Investments Limited (since July 2015) and Money3 Corporation Limited (since January 2016).
- From 2003–2011 Stuart was involved in investment banking, responsible for deal origination and structuring in alternative investments in London and New York.
- From 1994-2003 Stuart gained broad experience in the funds management industry holding senior roles at BT Funds Management and Zurich Australia, including responsibility for the operation of their platform offerings.
- Stuart is a qualified CA, fellow of FINSIA and a graduate of the AICD. In addition, he holds an MBA from the MGSM.

### **Daniel Lipshut – Proposed new Independent Non-Executive Director:**

- Daniel has over 25 years' experience as a company director, including more than 15 years as CEO of both large listed and small private corporations.
- Daniel spent 5 years as a director of listed services company BSA Limited (2002 - 2007), where he chaired the Governance Committee and including 3 years as joint Managing Director.
- Daniel sits on advisory boards of a number of emerging hi-tech ventures and is a director of the Australian Association of Unmanned Systems.
- Daniel is an experienced sales and marketing professional with an extensive commercial and personal network. He is Managing Director of Intercorp Pty Ltd which executes major complex, multi-faceted hi-tech projects with government and multinational corporations.
- Daniel is a graduate of the AICD, DISC, and holds an MBA from the University of Technology Sydney.