

LMS Shareholders reject Independent Board recommendation

28 November 2019

Gresham House Asset Management Limited (“GHAM”) notes the announcement made today by LMS Capital plc (“LMS”) that the resolution to re-appoint GHAM as investment manager to LMS was not carried.

The resolution was put to LMS shareholders by the LMS board (“Board”) and was unanimously recommended by the independent directors of the Board. The recommendation also received the support of independent proxy research house ISS.

Robert Rayne, the only non-independent board member who, together with family-related holdings represents c.42% of the outstanding shares (“Rayne Concert Party Shares”), opposed the Board’s recommendation, instead proposing an internally managed solution.

GHAM notes that a very substantial majority of holders of non-Rayne Concert Party Shares comprising 82%, supported the Board’s recommendation and voted for the re-appointment of GHAM.

Following the outcome of the shareholder meeting, the independent directors of the Board have resigned, as they do not believe that the internal management proposal is in the best interests of shareholders as a whole. An announcement relating to the appointment of replacement directors will be made by LMS in due course.

LMS had net assets of £58m as at 30 September 2019, representing approximately 2% of GHAM’s total assets under management. The mandate is therefore not financially material to GHAM or to Gresham House plc.

Background

GHAM was appointed investment manager to LMS in August 2016, following a shareholder vote. The appointment came with a change of investment policy, bringing to an end LMS’s previous realisation policy, and sought to improve governance, reduce costs and, following further committed returns of capital to shareholders, ultimately to recommence investment.

GHAM’s appointment was instrumental in catalysing significant positive changes at LMS, including improved governance, very significant cost reductions, portfolio re-appraisal and management, successful realisations, and improved investor relations and shareholder focus. Under GHAM’s management, sufficient cash was raised from realisations to return £11m to LMS shareholders in August 2017, fulfilling the commitment made in August 2016 earlier than expected. Since then, GHAM has facilitated and managed further realisations which have led to a position where, as at 30 September 2019, LMS had in excess of £28m cash available for investment.

Next Steps

GHAM will remain as Alternative Investment Fund Manager to LMS until LMS secures the necessary authority and approvals from the Financial Conduct Authority to manage its investments directly or alternative arrangements are put in place.



Robert Rayne confirmed in his Circular to LMS shareholders dated 8th November 2019 that the New Board intends to serve notice to GHAM to terminate its existing contract, and hence these arrangements will not extend beyond 31 May 2020.

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About Gresham House

Gresham House plc is a London Stock Exchange quoted specialist alternative asset management group (GHE.LN) that provides funds, direct investments and tailored investment solutions including co-investment. It focuses on five areas of long-term alternative investment within its two divisions of Strategic Equity and Real Assets.

Gresham House manages investments and co-investments through its FCA regulated investment management platform Gresham House Asset Management Limited on behalf of institutions, family offices, charities and endowments and private individuals.

The Group aims to generate superior returns across a range of alternative investment strategies over long-term investment horizons. As a signatory to the UN-supported Principles for Responsible Investment, Gresham House is committed to operating responsibly and sustainably and believes its strategy of taking the long view in delivering sustainable investment solutions will continue to be a growing factor in the strength of its market positioning.

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