

## Circular

### Re: Related Party Transaction

#### Introduction

InAdmin RiskCo Group B.V. (**IARG**) joined the PraxisIFM Group (the **Group**) in November 2017. The Group strategy was to develop a platform for corporate pensions administration, built around existing client requirements, and clients were identified to help during the test periods.

There have been some challenges during the build, which are expected during the development phase of any product. The timeline for the development was, however, a lot longer than originally anticipated and with our shareholders in mind we had to review our ongoing financial commitment.

The Group owns a 50.001% shareholding in IARG, and had been assisting with cashflow to develop the platform as the potential benefit to the Group was substantial. Once the protracted development period was identified, it became clear that this would require long term financing and cash flow which the Group was not willing to provide. Therefore, external financing was sought.

External financing for a business is often driven by the sector in which the business operates. The combination of the Group and IARG ownership represented a blend of the financial services and technology sectors. This proved to be a stumbling block in obtaining financing for the development of the pensions' platform.

With the Group unwilling to provide the development cashflows required, and with the existing IARG business not profitable during the development phase, the board (**Board**) of PraxisIFM Group Limited (**Company**) took the decision to exit the Group's relationship with IARG, subject to shareholder approval.

This will allow IARG to seek investment in the development of its pensions platform as a technology sector company and allow the Group to return to being a business focused on the financial services sector, which is where our history and expertise lies.

The exiting of the IARG relationship has two key financial impacts;

- The cash outflow in relation to the platform development stops immediately, this is cash positive for the Group; and
- The investment in IARG is written off as a substantial charge to the income statement which will impact negatively in our 2020 audited accounts (although this may be mitigated by a potential follow on sale of IARG to another party).

The IARG investment was a diversifying acquisition and without this exposure the Group will be stronger and focused on its core business lines. This focus will help achieve our objective of a return to the Group's track record of dividend declarations supported by strong financial results.

#### Background Information

The Company entered into an agreement with Family Park B.V. (**Family Park**), Mistrytech B.V. (**Mistrytech**), Hayhill Capital B.V. (**Hayhill**) and Stichting Administratiekantoor Riskco Group (**SARG**) (together the **IARG Shareholders**) on 17<sup>th</sup> October 2017 under the provisions of which the Company agreed to acquire 1,159,000 ordinary shares in IARG (**IARG Shares**), its total issued share capital at the time being 3,477,000 ordinary shares. The consideration was the sum of €2,304,821 which was satisfied by the transfer to DPV Limited of 1,391,279 ordinary shares in the Company (**Praxis Shares**) by the trustees of the Praxis Employee Benefit Trust (**EBT**), to be held for the benefit of Family Park,

Mistrytech and Hayhill and the transfer to SARG of 105,358 Praxis Shares. Family Park is beneficially owned by Mr Cees Krijgsman, Mistrytech by Mr Manoj Mistry and Hayhill by Mr Marc Veen, all three individuals being directors of IARG. The shares contracted to be transferred to SARG were transferred to each of Mr Daniel Chris De Brock, Mr Metin Solmaz, Mr Frank Ronald Van Minnen and Mr Michael Jan McCarthy (**Managers**). The Company also agreed to advance monies in an amount of up to €2.5 million to IARG under a facility agreement (**Facility Agreement**).

The Company also entered into an agreement with Almaa B.V. (**Almaa**) dated 13<sup>th</sup> December 2019 under which it agreed to acquire certain assets of Almaa on behalf of IARG for the sum of €320,000 plus the provision of share options, payable in the sum of €150,000 in six equal monthly payments and in the sum of €170,000 in four equal annual payments (the **Almaa Purchase Agreement**). In addition, the Company entered into a further agreement with Almaa dated 13<sup>th</sup> December 2019 under which it agreed to grant share options in respect of 1,000,000 Praxis Shares to vest on each of 2<sup>nd</sup> May, 2020, 2<sup>nd</sup> May 2021, 2<sup>nd</sup> May 2022 and 2<sup>nd</sup> May 2023 and exercisable for up to four years after grant (the **Almaa Option Agreement**). It is proposed that termination of the obligations under each of the Almaa Purchase Agreement and the Almaa Option Agreement (**Almaa Liabilities**) be sought.

The gross assets of IARG have been recorded in the accounts of the Group as at 31 October 2019 as £10,589,768.00, with net assets valued at £4,885,374. The value of the Company's shareholding in IARG has been valued as £1,912,702.70. The net profits attributed to IARG in the 6 months to 31 October 2019 are £671,546.00. This includes a provision release of £2,109,267.00 which was fully released as at 31 October 2019. Without this provision release IARG made a loss of £1,437,721.00.

#### Proposed Transaction

After extensive negotiations with the IARG shareholders, the Board has agreed upon the following transaction (the **Transaction**), which has been expressed to be conditional on the approval of the members of the Company by way of ordinary resolution.

- The Company will transfer all the IARG Shares it holds to the IARG Shareholders in the following numbers:

<u>Transferee</u>	<u>Number of Shares</u>
Family Park	1,092,142
Hayhill	393,010
Mistrytech	663,457
SARG	169,392
Total	2,318,001

- The transfer of the Company's rights under the Facility Agreement, including the right to repayment, to the IARG Shareholders.
- Each of Family Park, Hayhill and Mistrytech will transfer their shares in DPV Limited, together with their interest in the Praxis Shares held for them by DPV Limited, to the Trustees of the EBT.
- The Managers will transfer the Praxis Shares registered in their name to the trustee of the EBT.
- IARG will enter into negotiations with Almaa to secure release of the Almaa Liabilities, failing which it shall indemnify the Company against those liabilities and terminate the Service

Agreement, entered into between IARG and Almaa resulting in the termination of the options granted to Almaa under the Almaa Option Agreement before any of them vest.

- The Company would have a right to 40% of any exit of IARG under an agreement entered into within 12 months of completion, to be satisfied proportionately out of cash paid and any non-cash consideration.
- It is not anticipated that there will be any cash proceeds of the Transaction which the Company can utilise for other purposes.

### Related Party Transaction

Because the IARG Shareholders are vehicles for the benefit of directors of IARG, and IARG is a subsidiary of the Company, which has a shareholding one share greater than 50%, the Transaction will constitute a related party transaction for the purposes of Rule 3.3 of the Listing Rules of The International Stock Exchange (the **Listing Rules**) if it exceeds 5% when applying any of the tests set out in schedule 5 of the Listing Rules, namely in relation to gross assets, profits and consideration. The Company has run the relevant tests and determined that the Transaction does constitute a related party transaction for the purposes of the Listing Rules.

Therefore, the Company is required to seek shareholder approval for the Transaction by way of an ordinary resolution at an extraordinary general meeting of the Company and to disclose certain information in accordance with Rule 3.8, of which the following is relevant:

*3.8.1 When obtaining prior shareholder approval, the following information must be disclosed in the form of a circular, unless agreed with the Authority:*

- *particulars of the transaction, including the name of any other relevant parties;*
- *a description of the assets which are the subject of the transaction, or the business carried on by, or using, the assets;*
- *the profits or losses attributable to those assets;*
- *the value of those assets if different from the consideration;*
- *the full consideration and how it is being satisfied;*
- *details of the service contracts of any proposed directors;*
- *in the case of a disposal, the intended use of the related proceeds;*
- *in the case of a disposal, if shares or other securities are to form part of the consideration received, a statement whether such securities are to be sold or retained; and*
- *any other information necessary to enable investors to evaluate the effect of the transaction upon the issuer.*

*3.8.2 In the case of a related party transaction and in addition to the requirements of Listing Rule 3.8.1, the circular must also include:*

- *the name of the related party and the nature and extent of their interest in the transaction; and*
- *a statement that its directors, except any director who is a related party to the transaction, consider the terms of the transaction fair and reasonable insofar as its shareholders are concerned.*

The required information is set out in this circular, but if you require any further information please contact Shona Darling on 01481 755528 or by email at [Shona.Darling@PraxisIFM.com](mailto:Shona.Darling@PraxisIFM.com).

An ordinary resolution (**Resolution**) seeking approval of the Transaction as described in this circular will be put to the members of the Company in an extraordinary general meeting to be held on 16<sup>th</sup> April 2020 at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR at 10:00 a.m., as described in the notice of extraordinary general meeting appended to this circular.

For the reasons provided in this circular, the Board considers the Transaction to be fair and reasonable for the continuing shareholders of the Company and therefore recommends the Transaction, and the passing of the Resolution, to members. It is the intention of all directors to exercise all of the votes to which they are entitled as members in favour of the Resolution, for a total of 5,580,698 votes in favour. The Board confirms that the related parties identified in this circular, namely DPV Limited in respect of the shares it owns beneficially for Family Park, Hayhill and Mistrytech, will not be eligible to vote on the Transaction at the general meeting.

Andrew Haining, Chairman

1<sup>st</sup> April 2020

# Notice of Extraordinary General Meeting

## PraxisIFM Group Limited

*(a company incorporated in Guernsey with registration number 30367)*

Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR  
Tel: +44 (0) 1481 737600 Fax: +44 (0) 1481 749829

**NOTICE IS HEREBY GIVEN** that an extraordinary General Meeting of PraxisIFM Group Limited (the "**Company**") will be held at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR on 16<sup>th</sup> April 2020 at 10:00a.m. to consider and, if thought fit, pass the following resolution as an ordinary resolutions.

### **ORDINARY RESOLUTION**

THAT the proposed disposal of the Company's entire shareholding in InAdmin RiskCo B.V., as described in further detail in the circular dated 1<sup>st</sup> April 2020 circulated to the shareholders of the Company together with this notice of meeting be approved for all purposes, including without limitation for the purpose of Rules 3.1.1 and 3.5.1 of the Listing Rules of The International Stock Exchange published by The International Stock Exchange Authority Limited.

BY ORDER OF THE BOARD

**Shona Darling**  
*Company Secretary*

1<sup>st</sup> April 2020  
Sarnia House  
Le Truchot  
St Peter Port  
Guernsey

## NOTES:

Members are requested to submit their votes in respect of all of the resolutions proposed in this Notice of EGM. It is the recommendation of the Board that members vote in favour of the resolution on the basis that the Board considers its passing to be in the best interests of the members as a whole.

Each of the directors is also a member of the Company, and each intends to vote in favour of the resolution proposed in this Notice of EGM.

## Proxies

1. A shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the annual general meeting of the Company ("**EGM**"). A shareholder may appoint more than one proxy in relation to the EGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not also be a shareholder of the Company.
2. Shareholders will find enclosed a form of proxy for use in connection with the EGM (and any adjournment). The form of proxy should be completed in accordance with the instructions. To be valid, the form of proxy (together with the power of attorney or other authority, if any, under which it is executed or a notarially certified copy of such power or authority) must be deposited at the offices of the Company's registrars, Praxis Fund Services Limited (the "**Registrar**"), c/o Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 1GR or at the email address: [shona.darling@praxisifm.com](mailto:shona.darling@praxisifm.com) by 10 a.m. on 14<sup>th</sup> April 2020. Where a form of proxy is given by email the power of attorney or other authority, if any, under which it is executed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's Registrars at the above address by the appointed time. A space has been included in the form of proxy to allow shareholders to specify the number of shares in respect of which that proxy is appointed. Shareholders who return the form of proxy duly executed but leave this space blank will be deemed to have appointed the proxy in respect of all of their shares. Shareholders who wish to appoint more than one proxy in respect of their shareholding should photocopy the form of proxy provided with this document indicating on each copy the name of the proxy you wish to appoint and the number of ordinary shares in the Company in respect of which the proxy is appointed. All forms of proxy should be returned together in the same envelope.

In the case of joint holders, any one holder may vote. If more than one holder is present at the meeting, only the vote of the senior will be accepted, seniority being determined in the order in which the names appear on the register of shareholders of the Company.

3. To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

## Corporate representatives

4. A corporate shareholder may by resolution of its board or other governing body, authorise such person or persons as it thinks fit to act as its representative at the EGM. Where a person is authorised to represent a corporate shareholder, he may be required to produce a certified copy of the resolution from which he derives his authority.

## Right to attend and vote

5. To be entitled to attend and vote at the EGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 10.00am on 14<sup>th</sup> April 2020 or, in the event of any adjournment 48 hours before the time of the adjourned meeting. Changes to entries on the register of shareholders after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the EGM.

# Form of Proxy

## PraxisIFM Group Limited

(a company incorporated in Guernsey with registration number 30367)

Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR  
Tel: +44 (0) 1481 737600 Fax: +44 (0) 1481 749829

### EXTRAORDINARY GENERAL MEETING on 16<sup>th</sup> April 2020 at 10:00 a.m.

I/We (full name) .....

being a member of PraxisIFM Group Limited (the "**Company**"), do hereby appoint the Chairman of the Extraordinary General Meeting ("**EGM**"), or

.....

.....

(name and address of proxy in block capitals)

as my/our proxy to attend, speak and on a poll, vote for me/us and on my/our behalf at the EGM of the Company to be held at Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 1GR on 16<sup>th</sup> April 2020 at 10:00 a.m. or any adjournment thereof.

The proxy is to vote in respect of:

all of my Ordinary Shares / the number of Ordinary Shares specified below (\*delete as appropriate)

.....Ordinary Shares

Please tick here if this proxy appointment is one of multiple appointments being made

as follows:

	FOR	AGAINST	VOTE WITHHELD
<b>ORDINARY BUSINESS:</b>			
<b>Ordinary Resolution</b>			
THAT the proposed disposal of the Company's entire shareholding in InAdmin RiskCo Group B.V., as described in further detail in the circular dated 1 <sup>st</sup> April 2020 circulated to the shareholders of the Company together with this notice of meeting be approved for all purposes, including without limitation for the purpose of Rules 3.1.1 and 3.5.1 of the Listing Rules of The International Stock Exchange published by The International Stock Exchange Authority Limited.			

**\*please complete either "For", "Against" or "Vote withheld" for each resolution by marking "X" in the relevant box. If no indication is given, your proxy will have discretion to vote for or against or to abstain (including on any other matter which may properly come before the EGM) as he/she thinks fit.**

**If by an individual:**

Signed by:.....

Dated:.....2020

**If for and on behalf of a corporation:**

Signed by:.....

For and on behalf

of: .....

Position: .....

Dated:.....2020