

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT CONTAINS PROPOSALS RELATING TO LMS CAPITAL PLC (THE “COMPANY”) ON WHICH YOU ARE BEING ASKED TO VOTE.** If you are in any doubt about the contents of this document or the action you should take, you are recommended to immediately seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other appropriately qualified independent financial adviser, authorised under the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside of the United Kingdom.

If you sell or transfer, or have sold, transferred or otherwise disposed of, all your Ordinary Shares in the Company, please send this document, but not the accompanying personalised Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale, transfer or disposal was effected, for onward transmission to the purchaser or transferee, except that such documents should not be forwarded, distributed or transmitted in or into any jurisdiction under any circumstances where to do so might constitute a violation of the relevant securities laws and regulations in such jurisdiction. If you have sold, transferred or otherwise disposed of only part of your holding of Ordinary Shares in the Company, you should retain this document and the accompanying personalised Form of Proxy and immediately contact the stockbroker, bank or other agent through whom you made the sale, transfer or disposal.

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# **LMS CAPITAL PLC**

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 05746555)*

## **Recommended Proposals for a New Investment Policy, Managed Realisation and a B Share Scheme to facilitate the return of capital to Shareholders**

**and**

## **Notice of General Meeting**

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Shareholders should read the whole of this document. Shareholders’ attention is drawn, in particular, to the risk factors set out in Part 4 (Risks Associated with the Proposals) of this document and to the letter from the Chairman of the Company that is set out in Part 1 (Letter from the Chairman) of this document, which contains the unanimous recommendation from the Directors that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Capitalised terms used throughout this document shall have the meanings ascribed to them in the section titled Definitions of this document, unless the context otherwise requires.

The contents of this document should not be construed as legal, financial or tax advice. Each Shareholder should consult their own legal, financial or tax adviser (as appropriate).

Notice of a general meeting of the Company to be held at 3 Bromley Place, London W1T 6DB, United Kingdom on Wednesday 14 May 2025 at 11:15am (or as soon afterwards as the AGM convened for 11:00am on the same date has concluded) (the “**General Meeting**”) is set out at the end of this document. Details of the action you are recommended to take are set out on page 10 of this document.

Whether or not you intend to be present at the General Meeting, please either register your proxy appointment electronically by following the instructions on pages 34 and 35 or complete and submit the enclosed Form of Proxy appointing the Chair of the Meeting as your proxy. This will ensure that your vote will be counted even if you are unable to attend.

Shareholders should return the Form of Proxy to our Registrar as soon as possible but, in any event, by no later than 11:15am on Monday 12 May 2025. Alternatively, you may submit your proxy appointment electronically via the Investor Centre app or web browser at: <https://uk.investorcentre.mpms.mufig.com/>. Registration of a proxy appointment will not prevent you from attending the Meeting and voting in person if you so wish. If you need help with voting, please contact our Registrar, on 0371 664 0300 (from the United Kingdom) or +44 (0) 371 664 0300 (from other locations). Alternatively, you can email MUFG Corporate Markets at [shareholderenquiries@cm.mpms.mufig.com](mailto:shareholderenquiries@cm.mpms.mufig.com). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8:00am and 5:30pm Monday to Friday excluding public holidays in England and Wales.

If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). No application will be made to the Financial Conduct Authority or to the London Stock Exchange for any of the B Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will any of the B Shares be listed or admitted to trading on any other securities or investment exchange.

The availability of the B Share Scheme and a Return of Capital to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Overseas Shareholders" set out in Part 2 of this document and should inform themselves about, and observe, any applicable legal or regulatory requirements.

The B Shares will not be registered under the US Securities Act or with any state or other jurisdiction of the United States, and none of the B Shares may be reoffered, resold, pledged or otherwise transferred in or into the United States or to any US persons except pursuant to a transaction that has been registered under the US Securities Act and with the relevant state and other jurisdictions or a transaction that is exempt from, or otherwise not subject to, the securities laws of such jurisdictions.

Neither the B Shares nor this document have been approved, disapproved or otherwise recommended by any US federal or state securities commission or other regulatory authority or any non-US securities commission or regulatory authority, nor have such authorities passed upon or endorsed the merits of the B Share Scheme or a Return of Capital or confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

This document does not constitute an offer or invitation to any person to participate in the B Share Scheme or a Return of Capital in or from any jurisdiction in or from which, or to or from whom, it is unlawful to make such an offer or invitation to participate under applicable securities laws or otherwise.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct at any subsequent time.

## CONTENTS

	Page
EXPECTED TIMETABLE OF EVENTS .....	4
PART 1 LETTER FROM THE CHAIRMAN.....	5
PART 2 DETAILS OF THE B SHARE SCHEME .....	11
PART 3 RIGHTS AND RESTRICTIONS ATTACHED TO B SHARES .....	15
PART 4 RISKS ASSOCIATED WITH THE PROPOSALS .....	17
PART 5 UNITED KINGDOM TAXATION.....	19
PART 6 PROPOSED NEW INVESTMENT POLICY.....	22
DEFINITIONS.....	27
NOTICE OF GENERAL MEETING.....	31

## EXPECTED TIMETABLE OF EVENTS

2025

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Latest time for receipt of Forms of Proxy and electronic appointments of proxies in respect of the General Meeting	11:15am on 12 May
General Meeting	11:15am on 14 May
Court Hearing (reduction of capital)	10 June
Expected effective date of reduction of capital (subject to registration by Companies House) by	30 June

### Notes

1. All references to time in this document are to London time, unless otherwise stated.
2. The times and dates set out in the expected timetable above and mentioned throughout this document may be adjusted by the Company and are subject to the Court's availability, in which case details of the new times and/or dates will be notified, as required, to the FCA and the London Stock Exchange and, where appropriate, to Shareholders and an announcement will be made through a Regulatory Information Service.
3. Once the reduction of capital has become effective the First Return of Capital is expected to take place in July 2025. A further announcement will be made in due course.

## PART 1

### LETTER FROM THE CHAIRMAN

# LMS CAPITAL PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 05746555)*

*Directors:*

James Wilson (*Chairman*)  
Nicholas Friedlos (*Managing Director*)  
Peter Harvey  
The Honourable Robert Rayne  
Graham Stedman

*Registered Office:*

3 Bromley Place  
London  
W1T 6DB

24 April 2025

Dear Shareholder

**Recommended Proposals for a New Investment Policy,  
Managed Realisation and a B Share Scheme to facilitate the  
return of capital to Shareholders and Notice of General Meeting**

#### Introduction

On 13 March 2025, the Board announced that, following consultations with investors, it had concluded that the best way to deliver value for Shareholders was to carry out a managed realisation of the Company's assets and return of capital to Shareholders over time. The Board is therefore, recommending for approval by Shareholders, the adoption of a new investment policy (the "**New Investment Policy**"). The Board's aim in connection with the proposed New Investment Policy is to realise the Company's investments in a manner which maximises returns. Subject to the New Investment Policy being adopted, the Board is proposing to realise investments in an orderly manner. It is expected that the investments will be realised over time, with certain investments requiring longer realisation periods than others (the "**Managed Realisation**"). It is anticipated that the Managed Realisation will take approximately two years but may take longer. The Board will, however, seek to return capital to Shareholders at intervals as and when appropriate, with an initial return of capital expected in July 2025 (the "**First Return of Capital**").

In order to create distributable reserves to effect the Returns of Capital going forward, Shareholders' approval is also being sought to carry out a reduction in the nominal value of the Shares from 10 pence per Share to one (1) pence per Share and to cancel the entire amount standing to the credit of the Company's share premium account and capital redemption reserve (the "**Reduction**"). The reserve that will arise, when the direction is given by the Court in confirming the Reduction, should, subject to the scrutiny of the Court, be distributable reserves for the purposes of the Act and once the Reduction has been registered by the Registrar of Companies of England and Wales, be available to the Company to distribute to Shareholders as and when proceeds from the Managed Realisation are received. After careful consideration, the Board believes that the fairest and most efficient way of implementing the future Returns of Capital is by means of a bonus issue of redeemable B Shares which would then be immediately redeemed by the Company, in consideration for a cash payment equal to the amount treated as paid up on the issue of the B Shares. Shareholder approval for the adoption of the B Share Scheme is also required. All the necessary resolutions will be proposed at the General Meeting of the Company which will be held on 14 May 2025, at 11:15am (or as soon afterwards as the AGM convened for 11:00am on the same date has concluded) and notice of which is set out at the end of this document. If Shareholders pass the required Resolutions at the General Meeting, and the Reduction subsequently becomes effective, the B Share Scheme can be implemented and cash returned to Shareholders, without any further action being required by them.

It is envisaged that the Company will cease to make new investments, save to the extent that any follow-on investment is considered necessary or desirable by the Board to protect or enhance the value of any existing investments or to facilitate orderly disposals and/or repay any asset level debt financing. Further information on the portfolio is set out below.

### Portfolio Overview

The Company's unaudited net asset value at 31 March 2025 of £35.1 million was reported on 22 April 2025. In summary the NAV comprises\*:

	£'m
<b>Mature Investment Portfolio</b>	
Quoted Investments	0.0
Unquoted Investments	1.7
Funds	5.8
<b>Other Investments</b>	
Energy – Dacian Petroleum	9.0
Retirement living – Castlevue	6.5
<b>Total Investments</b>	
Cash and cash equivalents	12.5
Other net liabilities	(0.4)
<b>Net Assets</b>	<b>35.1</b>

\* Further information on the Company's investments can be found in the Company's annual report and accounts published on 27 March 2025, on pages 15 to 18.

The Company's investments range from those which are relatively liquid, eg its fund interests, to those which are less liquid eg Dacian Petroleum and retirement living (Castlevue).

The Board anticipates that the more liquid investments should be realised within a 12 – 18 month period and should not require any material additional funding. With regard to the less liquid investments, an update is as follows:

#### *Dacian Petroleum*

The Company continues to work closely with the Dacian management team, including the newly appointed experienced oil industry executive, John Burkhart, to monitor the production levels and assess optimisation plans. The Company may determine that an additional investment be made in Dacian where there is an investment case to do so, in order to seek to enhance the value of that investment. Accordingly, the Board has ear-marked a potential £2.5 – £3.5 million of the Company's cash balances towards Dacian, though it is not yet certain whether that funding will be made available to Dacian.

#### *Retirement living*

In terms of retirement living, the Board continues to see opportunity within that sector, particularly given the societal demographics and the availability of existing stock which provides attractive income. Castlevue, the Company's investment in the retirement living sector, has a value of £6.5 million net of debt, with the debt facility being £5.2 million. The Board may determine it appropriate to pay down the debt financing in due course and/or it may seek co-investment into the subsidiary which holds that investment, which could add additional assets and ultimately enhance realisation value. Accordingly, an amount within the Company's cash balances is currently being retained with the potential to pay down the debt financing in due course.

### Costs

The Board has made a prudent provision for ongoing costs over the anticipated realisation period. The Company is looking to reduce its cost base, with certain initial reductions already being implemented and further reductions, consistent with the operating requirements of the business whilst maintaining appropriate governance, to be made as the managed realisation progresses.

## **Adoption of the New Investment Policy**

The Proposals (as defined below) require the Company to adopt the New Investment Policy to reflect the realisation strategy and the fact that the Company is ceasing to make any new investments (save as provided for above).

The UK Listing Rules require any proposed material change to the Company's published investment policy to be submitted to the FCA for prior approval. The FCA's approval of the proposed changes to the Company's investment policy has already been obtained and accordingly, Shareholder approval of the New Investment Policy is sought at the General Meeting which will be held on 14 May 2025 at 11:15am (or as soon afterwards as the AGM convened for 11:00am on the same date has concluded).

As set out further below, the New Investment Policy (and, as a consequence, the Managed Realisation) will be subject to, and conditional on, the Reduction becoming effective, and Resolution 1 being passed at the General Meeting.

The New Investment Policy is set out in full in Part 6 of this document, in a table showing the changes from the current investment policy (which was approved by Shareholders on 16 August 2016).

## **First Return of Capital**

The Board currently expects the First Return of Capital to be implemented in July 2025 (the date will be notified via an announcement through a Regulatory Information Service in advance) under which it intends that £1.0 million will be returned to Shareholders. Whilst the Company does currently have cash balances of c. £12.5 million, the Board has deemed it necessary to retain a prudent level of cash for the time being to cover potential portfolio requirements and in light of the current turmoil in the financial markets. As investments are realised, the Company will return capital to Shareholders at appropriate intervals. This is, however, subject to the Resolutions being passed and the Reduction becoming effective.

## **B Share Scheme**

Advantages of returning cash via B Shares

The advantages of returning cash by a B Share Scheme rather than by a tender offer are as follows:

- (a) It reduces costs for the Company, as it is currently anticipated that additional general meetings and circulars will not be necessary to effect any future Returns of Capital as would be the case for tender offers. If the Resolutions are passed at the General Meeting, details of any Return of Capital will be notified to Shareholders through a Regulatory Information Service and, subject to any change in existing United Kingdom tax law (and in contrast to a tender offer where stamp duty at the rate of 0.5 per cent of the tender price is payable), no stamp duty will be payable on the First Return of Capital or any future Return of Capital.
- (b) In addition, an on-market tender offer was considered to be commercially unattractive as:
  - each Capital Return effected in this way would require a general meeting, payment of brokers' commission and legal and accountancy fees; and
  - each tender offer would require an application to the Takeover Panel for a waiver of the mandatory obligation under Rule 9 of the Takeover Code. This is because the directors and certain shareholders, who together control in aggregate 42.46 per cent of the voting rights are treated as a concert party by the Takeover Panel, and the total shareholding of the concert party could increase as a result of the subsequent share buy-back. This would require (amongst other things), the appointment of an independent financial adviser to the Company and significant related costs, whereas a return of capital by way of a B Share applies to all shareholders *pro rata* and does not result in any changes to percentage holdings.
- (c) Subject to the Resolutions being passed at the General Meeting and the Reduction becoming effective, it is not anticipated that Shareholders will be required to take any further action to give effect to the First Return of Capital or any further Returns of Capital but this will be dependent on the amount and nature of the Company's distributable reserves from time to time. In the light of the capital returns under the B Share Scheme being mandatory and applicable to all Shareholders

on a *pro rata* basis, all Shareholders are treated equally and would be able to participate in the B Share Scheme (without any further action being required), including the First Return of Capital.

- (d) Because of the mandatory nature of the B Share Scheme, there is greater certainty for the Company (unlike tender offers).

However, for some Shareholders, there may be some disadvantages in returning capital via the B Share Scheme – these relate to the timing, mandatory nature of the scheme and the way Shareholders hold their Shares. For example, the cash payment to be received once the B Shares are allotted and issued, and immediately redeemed, may not be directly received by the legal owner of the B Shares. The cash payment may be received by their nominee instead.

#### *How will cash be returned via the B Shares?*

Subject to the Resolutions being passed at the General Meeting and the Reduction becoming effective, the B Share Scheme will provide the Company with a mechanism to return cash to Shareholders at such time or times as the Board may, at its absolute discretion, determine. The B Shares would be allotted and issued to Shareholders on the relevant Record Date (the “**Bonus Issue**”) (at no cost to the Shareholders) *pro rata* to their holdings of Ordinary Shares at the Record Date. Immediately afterwards the B Shares would be redeemed and cancelled in accordance with their terms for an amount not exceeding their nominal value of one (1) pence. The Company will not allot any fractions of B Shares and the entitlements of each Shareholder will be rounded down to the nearest whole number of B Shares.

Following the redemption and cancellation of any B Share issue, the redemption proceeds will be sent to Shareholders, either through CREST or via cheque.

Each Bonus Issue and redemption of B Shares will be announced via a Regulatory Information Service.

Further information regarding the B Share Scheme is set out in Part 2 of this document.

#### *Proposed First Return of Capital*

Subject to the passing of the Resolutions at the General Meeting and the Reduction becoming effective, the Board intends to return, in aggregate, £1.0 million to Shareholders via the First Return of Capital. Therefore as soon as practicable after having received the requisite Shareholder approvals at the General Meeting and the Reduction becoming effective, the Board intends to implement the First Return of Capital and B Shares of one (1) pence each will be paid up from the Company's capital reserve created by the Reduction and issued to all Shareholders by way of a bonus issue *pro rata* to their holdings of Ordinary Shares. A further announcement with details of the First Return of Capital will be made through a Regulatory Information Service in due course.

#### *Taxation of the B Share Scheme*

Further information regarding UK taxation on redemptions of B Shares is set out in Part 5 of this document.

#### *Further information on the B Shares*

No share certificates will be issued in relation to the B Shares and no CREST accounts will be credited with any such shares.

No application will be made to the Financial Conduct Authority or to the London Stock Exchange for any of the B Shares to be admitted to the Official List or to trading on the London Stock Exchange's main market for listed securities, nor will any of the B Shares be listed or admitted to trading on any other securities or investment exchange.

The B Shares will be non-transferable, non-equity shares and will have limited rights. The rights and restrictions attached to the B Shares are set out more fully in Part 3 of this document and in the Amended Articles.

#### **Dividends**

The Company paid dividends of 0.925p per share, totalling £0.7 million in 2024. As announced on 13 March 2025, the Board is not intending to pay any dividends during the Managed Realisation.



## General Meeting

A notice convening the General Meeting to be held at 11:15am on 14 May 2025 at 3 Bromley Place, London W1T 6DB, United Kingdom is set out at the end of this document.

## Resolutions

### Overview

The purpose of this document is to set out the Board's recommended proposals for the adoption of the New Investment Policy and Return of Capital, the Reduction, the adoption of the Amended Articles, and the implementation of the B Share Scheme (together, the "**Resolutions**") and to convene the General Meeting to approve the Resolutions (the "**Proposals**").

All Shareholders are encouraged to vote in favour of the Resolutions to be proposed at the General Meeting and, if their Ordinary Shares are not held directly, to arrange for their nominee to vote on their behalf.

Resolution 1, Resolution 4 and Resolution 5 will be proposed as ordinary resolutions and will be passed if more than 50 per cent of the votes cast are in favour. Resolution 2 and Resolution 3 will be proposed as special resolutions and will be passed if at least 75 per cent of the votes cast are in favour.

Resolution 1 seeks authority to approve and adopt the New Investment Policy (as set out in column 2 of Part 6 of this document).

Resolution 2 seeks authority to carry out a reduction in the nominal value of the Ordinary Shares from 10 pence per Share to 0.001 pence per Share and to cancel the entire amount standing to the credit of the Company's share premium account and capital redemption reserve to create a distributable capital reserve, which may be applied in any manner permitted by the Act and/or the Amended Articles (including for any bonus share issues and/or redemptions, tender offers, share buy backs and/or other returns of capital) excluding the payment of dividends (the "**Reduction Resolution**"). The Reduction will become effective once confirmed by order of the Court and the Registrar of Companies of England and Wales has issued a certificate of registration.

Resolution 3 relates to the adoption of the Amended Articles that set out the rights and restrictions attached to the B Shares as described in Part 3 of this document.

Resolution 4 (which is conditional on Resolution 1, Resolution 2 and Resolution 3 being passed and the Capital Reduction becoming effective) authorises the Board to capitalise from time to time any sums standing to the credit of any reserve of the Company (including, in particular, the Company's special reserve) and to apply such sums for the purposes of paying up in full up to 4,000,000,000 B Shares to be allotted and issued to Shareholders *pro rata* to their holdings of Ordinary Shares at the Record Date in respect of the relevant issue of B Shares.

Resolution 5 (which is conditional on Resolutions 3 and 4 being passed and the Capital Reduction becoming effective) authorises the Directors to allot and issue B Shares from time to time up to an aggregate nominal amount of £40,000,000 on a *pro rata* basis to the holders of Ordinary Shares by way of one or more bonus issues. If approved, this authority to allot and issue B Shares will expire on the fifth anniversary of the date when Resolution 5 is passed.

### Voting and display of documents

All Shareholders are entitled to vote at the General Meeting. Each Resolution will be voted on by way of a poll. In accordance with the Articles, all Shareholders entitled to vote and who are present in person or by proxy at the General Meeting shall have one vote for every Ordinary Share which they hold.

Shareholders are strongly encouraged to appoint the Chair of the General Meeting as their proxy to vote on their behalf at the General Meeting. This should ensure that their votes are counted.

Shareholders are referred to Part 2 of this document for general information, and further details on the documents to be displayed at and prior to the date of the General Meeting.

## Action to be taken

All Shareholders are encouraged to vote in favour of the Resolutions to be proposed at the General Meeting and, if their Ordinary Shares are not held directly, to arrange for their nominee to vote on their behalf.

A Form of Proxy for use in connection with the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting in person, you are requested to appoint a proxy electronically via the Investor Centre app or at <https://uk.investorcentre.mpms.mufig.com/> (see Note 2 to the Notice of General Meeting for instructions) or by completing, signing and returning the enclosed Form of Proxy, in each case as soon as possible but, in any event, so as to be received by the Registrar by not later than 11:15am on 12 May 2025 (or, if the General Meeting is adjourned, 48 hours (excluding non-working days) prior to the adjourned General Meeting). Completed Forms of Proxy should be returned by post to the Registrar at PXS 1, Central Square, Wellington Street, Leeds, LS1 4DL. If an electronic proxy appointment or Form of Proxy, as the case may be, is not received by the relevant deadline it will be invalid.

If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar (CREST Participant ID RA10) so that it is received by not later than 11:15am on 12 May 2025 (or, if the General Meeting is adjourned, 48 hours (excluding non-working days) prior to the adjourned General Meeting). The time of receipt will be taken to be the time from which the Company's Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. If a CREST Proxy Instruction is not received by the relevant deadline it will be invalid.

If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io).

Appointing a proxy online, completing, signing and returning a hard copy Form of Proxy, completing and transmitting a CREST Proxy Instruction or appointing a proxy via Proxymity will not preclude Shareholders from attending and voting at the General Meeting in person, should they so wish.

In accordance with current best practice and to ensure voting accurately reflects the views of Shareholders, it is intended that voting on each Resolution will be conducted by way of a poll vote rather than by a show of hands and the procedure will be explained at the General Meeting.

If you are in any doubt as to the action you should take, you are recommended to seek your own financial and/or legal advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

## Recommendation

The Board considers that the Proposals as set out in this document and the Resolutions to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. **Accordingly, the Board unanimously recommends that Shareholders vote in favour of each of the Resolutions to be proposed at the General Meeting.**

The Directors intend to vote in favour, or procure votes in favour, of the Resolutions at the General Meeting in respect of their own beneficial holdings of Ordinary Shares, which in aggregate amount to 6,037,268 Ordinary Shares (representing approximately 7.48 per cent of the issued Ordinary Share capital of the Company as at the Latest Practicable Date).

Yours faithfully

**James Wilson**  
*Chairman*

## **PART 2**

### **DETAILS OF THE B SHARE SCHEME**

#### **1. CONDITIONS TO THE IMPLEMENTATION OF THE B SHARE SCHEME**

Subject to the passing of the Reduction Resolution, the Court hearing for the Reduction has been reserved for 10 June 2025, when it is expected that the Court will make an order confirming the Reduction. The Reduction will become effective once a certificate has been issued by the Registrar of Companies, and this is expected to be by 30 June 2025.

The adoption of the B Share Scheme is conditional on Shareholder approval of the Resolutions at the General Meeting, and the Reduction becoming effective. The Notice of General Meeting is set out at the end of this document and a summary explanation of the Resolutions to be proposed at the General Meeting is set out in paragraph 9 below. The action to be taken by Shareholders is set out on page 10 of this document.

If the Resolutions are not passed by the requisite majorities, then the Company will be unable to return surplus cash from time to time to Shareholders by way of the B Share Scheme, although cash may still be returned in other ways.

#### **2. RETURNS OF CAPITAL TO SHAREHOLDERS**

A Return of Capital will involve the allotment and issue of B Shares to Shareholders and the redemption of the B Shares by the Company.

It is the intention of the Board that, subject to the passing of the Resolutions at the General Meeting and the Reduction becoming effective, a First Return of Capital under the B Share Scheme will be made in July 2025.

The quantum and the timing of any additional Return(s) of Capital will be at the discretion of the Board. Details of any further Return(s) of Capital, including the relevant Record Date(s), and Redemption Date(s), will be announced through a Regulatory Information Service.

The adoption of the B Share Scheme will not limit the ability of the Company to return cash to Shareholders by using other mechanisms and, if the B Share Scheme is adopted, the Board will continue to review its cost efficiency over time. Further details of the Board's intention to implement the B Share Scheme and make a First Return of Capital to Shareholders are set out below.

The Board's Proposals to adopt the B Share Scheme should not be taken as any indication as to the frequency or quantum of any future returns of cash to Shareholders.

#### **3. ALLOTMENT AND ISSUE OF AND RIGHTS ATTACHING TO THE B SHARES**

For the purposes of making an issue of B Shares, it is proposed that the Directors be authorised to capitalise from time to time amounts standing to the credit of the Company's reserves available for the purpose of making a Bonus Issue of shares in accordance with the Act and article 140 of the Amended Articles. These aggregate capitalised amounts will be used from time to time to pay up in full, B Shares with a nominal value of one (1) pence each on the basis that the aggregate nominal value of the B Shares so issued on each such occasion will not exceed the aggregate sum or sums capitalised on each such occasion for the purposes of such B Share issue. The aggregate maximum number of B Shares that may be allotted and issued by the Company over time under the B Share Scheme will not exceed £4 billion and the aggregate nominal value of all B Shares issued will not exceed £40 million.

Under the Amended Articles, the Board may, conditional on the relevant Resolution being passed, and the Reduction becoming effective, capitalise any sum standing to the credit of any reserve of the Company for the purposes of paying up, allotting and issuing B Shares to Shareholders.

The B Shares will be allotted and issued to Shareholders *pro rata* to their holdings of Ordinary Shares at the relevant Record Date. The Company will not allot or issue any fractions of B Shares and the entitlement of each Shareholder will be rounded down to the nearest whole number of B Shares.

The B Shares will have only very limited rights. The rights and restrictions to be attached to the B Shares are more fully set out in Part 3 of this document.

No share certificates will be issued for any B Shares allotted and no CREST accounts will be credited with any such shares.

No application will be made for the B Shares to be admitted to listing on the Official List or to trading on the London Stock Exchange's main market for listed securities and the B Shares will not be listed or admitted to trading on any other recognised investment exchange.

#### **4. REDEMPTION OF B SHARES**

Each redemption of B Shares will be undertaken at the option of the Company. It is expected that redemption will occur immediately after each allotment and issue of B Shares, when all of the B Shares then in issue will be compulsorily redeemed and cancelled in accordance with their terms for an amount not exceeding the amount treated as paid up on the B Shares. Following the redemption and cancellation of any B Share issue, the redemption proceeds will be sent to Shareholders, either through CREST or via cheque.

If any B Share Dividend is paid the payment will be an income payment, and so it will be paid separately.

#### **5. OVERSEAS SHAREHOLDERS**

Shareholders who are not resident in the United Kingdom or who are citizens, residents or nationals of other countries should consult their professional advisers to ascertain whether the B Share Scheme (including, as may be relevant in each case, the issue, holding or redemption of the B Shares (which will be non-transferable)) will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of any body or authority located in, the jurisdiction in which they are resident or to which they are subject. In particular, it is the responsibility of any Overseas Shareholder to satisfy themselves as to full observance of the laws of each relevant jurisdiction in connection with the B Share Scheme, including the obtaining of any government, exchange control or other consents that may be required or the compliance with other necessary formalities needing to be observed and the payment of any issue, transfer or other taxes or duties in such jurisdiction.

The distribution of this document in certain jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Neither this document nor any other document issued or to be issued by or on behalf of the Company in connection with the B Share Scheme constitutes an invitation, offer or other action on the part of the Company in any jurisdiction in which such invitation, offer or other action is unlawful.

The provisions of this paragraph 5 relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by the Company at its absolute discretion.

#### **6. SECURITIES LAWS CONSIDERATIONS IN THE UNITED STATES**

None of the B Shares will be registered under the US Securities Act or with any state or other jurisdiction of the United States, and none of the B Shares may be reoffered, resold, pledged, or otherwise transferred in or into the United States or to any US persons except pursuant to a transaction that has been registered under the US Securities Act and with the relevant state and other jurisdictions or a transaction that is exempt from, or otherwise not subject to, the securities laws of such jurisdictions.

#### **7. REDUCTION OF CAPITAL**

The Reduction Resolution, which will be proposed as a special resolution, seeks authority to carry out a reduction of the Company's stated capital from £8,072,745 to £80,727.45 by cancelling and extinguishing capital to the extent of 9.99 pence on each issued fully paid up Ordinary Share, and to cancel the entire amount standing to the credit of the Company's share premium account and capital redemption reserve to create a distributable reserve which may be applied in any manner permitted by the Act and/or the Amended Articles (including for any bonus share issues and/or redemptions, tender offers, share buy backs and/or other returns of capital) excluding the payment of dividends.

If the proposed Reduction is approved by Shareholders, it will be subject to the scrutiny of, and confirmation by, the Court which will take due account of the protection of creditors and, subject to that confirmation and registration by the Registrar of Companies in England and Wales of the order of the Court, is expected to take effect by 30 June 2025. The Board anticipates that this will result in the creation of distributable reserves; however, this is subject to: (i) there being no materially negative change in the financial position or prospects of the Company; and (ii) any provision that the Court requires the Company to make for the protection of its creditors (although the Board does not expect any undertakings or similar measures to be required).

## **8. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

An amendment to the Articles is required to implement the B Share Scheme and requires approval at the General Meeting. Resolution 3 proposes that a new article 140 is inserted into the Articles. This contains the rights and restrictions attaching to the B Shares, as set out in Part 3 of this document. The Articles and the Amended Articles will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of the General Meeting at the registered office of the Company, and will also be available at least 15 minutes before and during the General Meeting. A copy of the Amended Articles will also be available for review on the Company's website at <https://www.lmscapital.com/> and submitted to the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

## **9. SUMMARY EXPLANATION OF THE RESOLUTIONS**

Resolution 1, Resolution 4 and Resolution 5 will be proposed as ordinary resolutions and will be passed if more than 50 per cent of the votes cast are in favour. Resolution 2 and Resolution 3 will be proposed as special resolutions and will be passed if at least 75 per cent of the votes cast are in favour.

A summary of the Resolutions follows below:

*Resolution 1* seeks authority to approve and adopt the New Investment Policy (as set out in column 2 of Part 6 of this document). If Resolution 1 is passed the New Investment Policy will be effective immediately.

*Resolution 2* seeks authority to reduce the Company's share capital and create a distributable capital reserve to implement the B Share Scheme. The Reduction will become effective once it has been confirmed by order of the Court and the Registrar of Companies has issued a certificate of registration.

*Resolution 3* will amend the Articles by inserting a new article 140 which sets out the rights and restrictions attached to the B Shares as described in Part 3 of this document and which will allow the B share issue to go ahead by permitting the Directors to capitalise a sum or sums standing to the credit of the Company's reserves from time to time for the purposes of the B Share Scheme with the authority of an ordinary resolution of Shareholders to be obtained on a one-off basis (being Resolution 4).

*Resolution 4* (which is conditional on Resolution 1, Resolution 2 and Resolution 3 being passed) authorises the Directors to capitalise from time to time a sum or sums standing to the credit of the Company's reserves available for the purpose of making a new bonus issue of shares in accordance with the Act and the Amended Articles, and to apply such sum or sums from time to time in paying up in full up to 4,000,000,000 B Shares in the capital of the Company carrying the rights and restrictions set out in article 140 of the Amended Articles which may be allotted from time to time under the authority given by Resolution 5.

*Resolution 5* (which is conditional on Resolution 3 and Resolution 4 being passed) authorises the Directors to allot and issue B Shares from time to time up to an aggregate nominal amount of £40,000,000 on a *pro rata* basis to the holders of Ordinary Shares by way of one or more bonus issues. If approved, this authority will expire on the fifth anniversary of the date when Resolution 5 is passed.

## **10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available for inspection during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document until the date of the General Meeting at the registered office of the Company, and will also be available at least 15 minutes before and during the General Meeting:

- a) the Amended Articles;
- b) the Company's annual report and audited accounts for the year ended 31 December 2024;
- c) the service contract of the Executive Director of the Company (namely Nicholas Friedlos); and
- d) the letters of appointment for the Non-Executive Directors of the Company.

A copy of the Amended Articles will also be available for review on the Company's website at <https://www.lmscapital.com/> and submitted to the National Storage Mechanism at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

## PART 3

### RIGHTS AND RESTRICTIONS ATTACHED TO B SHARES

Set out below is new article 140 which it is proposed will be inserted into the Articles. This contains the rights and restrictions attached to the B Shares. The new article 140 is to be inserted after the existing article 139 of the Articles, thereby forming the Amended Articles. The Company is seeking Shareholder approval to adopt the Amended Articles by Resolution 3.

#### 140 “B Shares“

- (A) Subject to the Act and notwithstanding anything in these Articles to the contrary:
- (i) the directors may, from time to time, issue unlisted, redeemable, fixed rate preference shares of £0.01 each in the capital of the Company (“**B Shares**”), provided that such B Shares are fully paid up out of the reserves of the Company (which shall include, but not be limited to, any capital standing to the credit of the share premium account or any capital redemption reserve) and of any other profits available for distribution; and
  - (ii) the directors may, with the authority of a special resolution (which need only be obtained once and need not be obtained on every occasion B Shares are to be issued), from time to time resolve to capitalise any sum or sums standing to the credit of any reserve (which shall include, but not be limited to, any capital standing to the credit of the share premium account or any capital redemption reserve) and of any other profits available for distribution and apply such sum or sums for the purposes of paying up B Shares to be allotted and issued to existing shareholders *pro rata* to their shareholding of the ordinary shares at the record date for the relevant issue of B Shares.
- (B) Notwithstanding any other provisions in these Articles, the B Shares shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 140 and any other provision in these Articles, the provisions in this Article 140 shall prevail.

#### Income

- (C) The profits available for distribution shall be applied first in paying to the holders of the B Shares (in priority to any payment of dividend to the holders of any other class of shares in the capital of the Company) a fixed rate cash dividend (“**Preferential Dividend**”) at the rate of £0.0001 on every B Share held by them, such dividend to be paid on the date following 6 months after the date on which the relevant B Shares were issued and thereafter on each anniversary of such date (“**Fixed Dividend Dates**”) to the registered holders of B Shares shown in the register of members of the Company on the relevant Fixed Dividend Date. Every Preferential Dividend shall be distributed to the holders of the B Shares *pro rata* according to the amounts paid up or credited as paid up on the B Shares held by them respectively and shall be rounded down to the nearest whole number of pence.

#### Capital

- (D) On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company, to one pence per B Share held by them.

In the event that there is a winding-up and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their *pro rata* proportion of the amounts to which they would otherwise be entitled.

The aggregate entitlement of each holder of B Shares on a winding-up in respect of all the B Shares held by them shall be rounded down to the nearest whole number of pence.

**Attendance and voting at general meetings**

- (E) The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting nor to vote on a written resolution of the Company.

**Class rights**

- (F) The Company may from time to time create, allot and issue further shares, whether ranking equally with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.

A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.

**Redemption of B Shares**

- (G) Subject to the provisions of the Act and these Articles, the Company shall redeem the B Shares as follows:
- (i) the B Shares shall be redeemed at such time or times as the directors may in their absolute discretion determine (each a "Redemption Time"). There shall be paid on each B Share redeemed under this Article 140(G) the amount paid up thereon together with a sum equal to all arrears, of any Preferential Dividend due and payable at any time prior to the Redemption Time;
  - (ii) as from the Redemption Time, no Preferential Dividends shall be payable on the B Shares;
  - (iii) in the absence of bad faith or wilful default, neither the Company nor any of its directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Redemption Time in accordance with Article 140(G) (i) above; and
  - (iv) the receipt of the registered holder for the time being of any B Shares (or in the case of joint registered holders the receipt of any of them) of the monies payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.

**Transfer**

- (H) The B Shares shall not be transferable.

**Share certificates and CREST**

- (I) The B Shares shall not be listed or admitted to trading on any stock exchange nor shall any share certificates be issued in respect of the B Shares and no CREST accounts will be credited with any such shares.



## PART 4

### RISKS ASSOCIATED WITH THE PROPOSALS

In considering how to vote on the Resolutions in relation to the Proposals, you are referred to the risks set out below.

**Shareholders should read this document carefully and in its entirety and, if you are in any doubt about the contents of this document or the action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA or, if you are in a territory outside the United Kingdom, from an appropriately authorised independent financial adviser.**

#### **Risks related to the B Share Scheme and any Returns of Capital**

Shareholders should be aware of the following risks associated with the B Share Scheme and any Returns of Capital.

- There is no guarantee that the B Share Scheme or any Return of Capital (including the First Return of Capital) under the B Share Scheme will take place. The B Share Scheme is conditional on, amongst other things, the approval of Shareholders and will not proceed if the Resolutions are not passed. Resolutions 1, 4 and 5 will be proposed as ordinary resolutions and will be passed if more than 50 per cent of the votes cast are in favour. Resolutions 2 and 3 will be proposed as special resolutions and will be passed if at least 75 per cent of the votes cast are in favour. It is possible that Shareholders may not approve the Resolutions. If the Resolutions are not passed there will be no Returns of Capital under the B Share Scheme.
- The amount of cash that the Company will be able to return to Shareholders in the future and the timing of any such returns will depend, among other things, on the performance of the Company's remaining investments, the proceeds realised from them and the timing of such realisations. The quantum and timing of Returns of Capital to Shareholders under the B Share Scheme (if any) will be at the discretion of the Board and will also be dependent on general working capital requirements and the amount and nature (from a tax perspective) of the Company's distributable reserves from time to time.
- Even if the Resolutions are passed, the Board may determine, at its absolute discretion, not to make any Returns of Capital under the B Share Scheme.
- The Board has been advised that based on the facts, the B Share Scheme should result in UK individual taxpayers receiving their cash proceeds on redemption of B Shares as capital in the way described in this document. However, there is no guarantee that this position will be accepted and not challenged by HMRC and should Shareholders who are UK taxpayers fail to receive the capital treatment described in this document they will be subject to income tax on the cash proceeds on the redemption of the B Shares at the rates set out in the "Taxation of Dividends" section in Part 5 of this document.

#### **Risks related to continued investment in the Company**

The Company's business, financial condition or results could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Ordinary Shares may decline because of any of these risks and Shareholders may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Company. The Directors consider the following to be the material known risks specific to the Company, but the risks listed below do not necessarily comprise all those associated with the Company:

- In a managed realisation, the value of the Company's portfolio will be reduced as investments are realised and concentrated in fewer holdings, and the mix of asset exposure will be affected accordingly.

- The Company might experience increased volatility in its Net Asset Value and/or its share price as a result of the realisation of its portfolio.
- The Company's assets may not be realised at their carrying value, and it is possible that the Company may not be able to realise some of its assets.
- As cash is progressively returned to Shareholders, the net assets of the Company will reduce. The Company's annual running costs and liabilities will not necessarily reduce by the same proportion and consequently the costs as a percentage of net assets may increase. This may restrict, in terms of both quantum and timing, the Company's ability to return capital to Shareholders following receipt of the net proceeds of realisations of investments.
- Although the Ordinary Shares are traded on the London Stock Exchange's main market, it may prove difficult for Shareholders to sell their Ordinary Shares in the market. In addition, there is no guarantee that the market price of the Ordinary Shares will reflect their underlying Net Asset Value or the ability to buy and sell at that price.
- As the Company's investments are realised and cash is returned to Shareholders, the income generated by the Company's remaining investments will be lower while the ongoing expenses may not also fall.

## PART 5

### UNITED KINGDOM TAXATION

#### United Kingdom taxation

*The following summary does not constitute (and should not be taken as) tax advice and it is intended only as a general guide to current United Kingdom law and HMRC published practice (which are both subject to change at any time, possibly with retrospective effect). It relates only to certain limited aspects of the United Kingdom taxation treatment of Shareholders and is intended to apply only to Shareholders who are resident in the United Kingdom for United Kingdom tax purposes and who are, and will be, the absolute beneficial owners of their Ordinary Shares and B Shares and who hold, and will hold, them as investments (and not as securities to be realised in the course of a trade) other than under an ISA. The summary may not apply to certain Shareholders, such as, but not limited to, dealers in securities, insurance companies, collective investment schemes and Shareholders who are exempt from taxation. The position may be different for future transactions and may alter between the date of this document and the implementation of the B Share Scheme.*

**Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult an appropriate professional adviser.**

#### Issue of B Shares

For the purposes of UK Capital Gains Tax (“CGT”) and corporation tax on chargeable gains, the issue of B Shares should constitute a reorganisation of the share capital of the Company. Accordingly, the B Shares should be treated as the same asset as a Shareholder’s holding of existing Ordinary Shares, and as having been acquired at the same time as a Shareholder’s holding of existing Ordinary Shares was acquired. A Shareholder’s combined holding of Ordinary Shares and B Shares should have the same aggregate base cost as the Shareholder’s holding of Ordinary Shares immediately before the issue of B Shares. The aggregate base cost should be apportioned between B Shares and the Ordinary Shares held by a Shareholder by reference to the market values of the Ordinary Shares and the B Shares on the first day of trading after the issue of the B Shares. Due to the terms on which the B Shares will be issued, and as they are non-transferable, their market value is likely to be equal to their nominal value of one (1) pence.

On the basis that the B Shares should be treated, for UK tax purposes, as being paid up for “nil consideration” received by the Company, the issue of B Shares should not give rise to any liability to United Kingdom income tax or corporation tax in a Shareholder’s hands.

#### Redemption of the B Shares

On the redemption of all or any of the B Shares, an individual Shareholder may, depending on their individual circumstances, be subject to CGT on the amount of any chargeable gain realised (or the redemption will give rise to an allowable loss). Any gain (or loss) will be measured by reference to the difference between the redemption price and the Shareholder’s tax base cost for the B Shares redeemed. A Shareholder’s allowable expenditure in relation to their existing Ordinary Shares should be apportioned between the Ordinary Shares and the B Shares in the manner described above.

The amount of CGT, if any, payable by an individual Shareholder in relation to the chargeable gain will depend on their personal tax position. As at the date of this document, no tax should be payable on any gain realised on the redemption if the amount of the net chargeable gain, when aggregated with other net chargeable gains realised by the individual Shareholder in the year of assessment in question and allowable losses, does not exceed the annual exemption for UK CGT purposes (£3,000 for the tax year ending 5 April 2026). Broadly, any gains in excess of this amount will be taxed at the individual’s relevant UK capital gains tax rate. The gain will be taxable at 10 per cent if the individual is a UK resident and a basic rate income taxpayer only. If a UK resident individual is subject to income tax at a rate in excess of the basic rate then the net gain will be taxable at 24 per cent.

Redemptions will be recognised for CGT purposes in the tax year in which they occur.

A corporate shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions at the UK corporation tax rate (currently up to 25 per cent).

The Finance Act 2015 enacted legislation which, broadly, treats amounts paid on the redemption of shares as income in the hands of an individual Shareholder, rather than a capital gain, where a company gives the shareholder a choice of whether to receive either a distribution or an “alternative receipt” of broadly the same value but which is not charged to income tax. The Company is of the view that this legislation does not apply to the redemption of the B Shares on the basis that it does not provide Shareholders with a choice as to the form of any amounts they are entitled to receive. Accordingly, the proceeds received by a Shareholder on a redemption of B Shares for an amount equal to their nominal value should not be prevented by virtue of this legislation from being a return of capital in the Shareholder’s hands.

### **Other Disposals of Ordinary Shares**

On any subsequent disposal (otherwise than by way of redemption) of the whole or part of a Shareholder’s holding of Ordinary Shares, a Shareholder may, depending on their circumstances, be subject to CGT on the amount of any chargeable gain realised.

### **Taxation of Dividends**

The Company is not required to withhold tax at source from dividend payments that it makes.

#### *Individual Shareholders*

Shareholders who are individuals and who receive a dividend from the Company may, in principle, be liable to UK income tax on the amount of that dividend, depending on the amount of dividend income received in total by (and other taxable income of) that Shareholder (whether from the Company or other sources) in the relevant tax year.

UK resident individuals currently receive an annual tax-free allowance of £500 (“**Dividend Allowance**”) in relation to dividend receipts (and so no income tax will be payable in respect of such amounts) for the 2025-26 tax year.

Dividend receipts in excess of this Dividend Allowance for a given tax year (“**Taxable Excess**”) will be subject to tax depending on the tax rate band or bands it falls within. The relevant tax rate band is determined by reference to the Shareholder’s total income tax (including the dividend income charged at a nil rate by virtue of the Dividend Allowance) less relevant reliefs and allowances (including the Shareholder’s personal allowance, currently £12,570 for the 2025-26 tax year). The Taxable Excess is, in effect, treated as the top slice of any resulting taxable income and:

- to the extent that the Taxable Excess falls below the basic rate limit, the Shareholder will be subject to tax on it at the dividend basic rate of 8.75 per cent;
- to the extent that the Taxable Excess falls above the basic rate limit but below the higher rate limit, the Shareholder will be subject to tax on it at the dividend upper rate of 33.75 per cent; and
- to the extent that the Taxable Excess falls above the higher rate limit, the Shareholder will be subject to tax on it at the dividend additional rate of 39.35 per cent.

In practice, given the very short period of time for which the B Shares will be in issue, any B Share Dividend is unlikely to become payable.

#### *Corporate Shareholders*

A Shareholder within the charge to UK corporation tax which is a ‘small company’ (for the purposes of the UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and do not fall within certain specified anti-avoidance provisions and the Shareholder has not elected for the dividends not to be exempt. It is expected that any dividends paid by the Company on the B Shares would fall within an exempt class.

#### *Non-UK resident Shareholders*

A holder of Ordinary Shares or B Shares resident or otherwise subject to tax outside the UK (whether an individual or a body corporate) may be subject to foreign taxation on dividend income (or deemed dividend income) under local law. Holders of Ordinary Shares or B Shares to whom this may apply should obtain their own tax advice concerning tax liabilities on dividends received from (or deemed to be received from) the Company.

#### **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

No stamp duty or SDRT will be payable by Shareholders on the allotment and issue of any B Shares or the redemption of any B Shares.

#### **Transactions in Securities**

Under the provisions of Chapter 1 of Part 13 of the Income Tax Act 2007 and Part 15 of the Corporation Tax Act 2010, HMRC can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by HMRC to the proposed B Share Scheme, in broad terms, individual Shareholders and UK resident Shareholders within the charge to corporation tax might be liable to taxation as if they had received dividend income amount rather than a capital amount (please see ‘Taxation of Dividends’ above for the tax treatment of such a receipt).

The Company has obtained, on 8 April 2025, advance clearance from HMRC under section 701 of the Income Tax Act 2007 and section 648 of the Corporation Tax 2010 confirming that HMRC will not issue a counteraction notice under section 701 of the Income Tax Act 2007 and section 733 of the Corporation Tax Act 2010.

## PART 6

### PROPOSED NEW INVESTMENT POLICY

	<b>Current Investment Policy (adopted on 16 August 2016)</b>	<b>Proposed New Investment Policy</b>
<b>Investment objective</b>	The Company's investment objective is to achieve absolute total returns over the medium to longer term, principally through capital gains and supplemented with the generation of a longer term income yield. The Company targets a return on equity, after running costs, of between 12 per cent and 15 per cent per annum over the long term.	The Company's investment objective is to conduct an orderly realisation of its assets in a manner that seeks to optimise the value of the Company's investments whilst progressively returning cash to Shareholders.
<b>Investment focus</b>	<p>The Company will utilise the experience and expertise of the investment manager and the investment committee of the investment manager responsible for the Company's portfolio, underpinned by a rigorous appraisal process and risk framework acceptable to the Board. The Company will have an active investing policy and will invest in assets that typically have a number of the following characteristics:</p> <ul style="list-style-type: none"> <li>• investments that the investment manager believes can generate a 15 per cent net internal rate of return over the medium to longer term;</li> <li>• investments which are less liquid and which the investment manager believes benefit from an illiquidity discount;</li> <li>• private equity and smaller quoted companies where the investment manager believes that there is an opportunity for value creation through strategic, operational or management initiatives;</li> <li>• companies that demonstrate strong underlying operational cashflow characteristics and attractive returns on invested capital; and</li> <li>• alternative, specialist asset classes managed by the investment manager which target long-term, illiquid strategies on preferred terms.</li> </ul>	<p>The Company will pursue its investment objective by effecting an orderly realisation of its assets in a manner that seeks to achieve a balance for Shareholders between maximising the value received from those assets and making timely returns of capital to Shareholders.</p> <p>This process might include sales of the individual assets or groups of assets (such as retirement living or energy portfolios), or a combination thereof.</p> <p>The Company will cease to make any new investments or to undertake capital expenditure except where:</p> <ul style="list-style-type: none"> <li>• the investment is a follow-on investment made in connection with an existing asset in order to comply with the Company's pre-existing obligations; or</li> <li>• failure to make the follow-on investment or capital expenditure may result in a breach of contract or applicable law or regulation by the Company; or</li> <li>• the investment or capital expenditure is considered by the Directors of the Company (<b>Board</b>) necessary or desirable to protect or enhance the value of any existing investments or to facilitate orderly disposals.</li> </ul>

	<b>Current Investment Policy (adopted on 16 August 2016)</b>	<b>Proposed New Investment Policy</b>
	<p>The Company may invest in public or private securities; investments may be made in the form of, among other things, equity, equity-related instruments, derivatives and indebtedness. The Company may hold controlling or non-controlling positions and may invest directly or indirectly. The Company may also invest in the investment manager or members of its group, to benefit from the potential growth of the investment manager.</p> <p><i>Private equity</i></p> <p>The Company will make direct investments, typically with co-investors, in private equity opportunities which fit the investment criteria, including pre-IPO, take private or more traditional private equity opportunities. The Company may lead or be part of a consortium holding influential or controlling stakes. Focus will typically be on companies with an enterprise value of less than £100 million where the managers believe that there is an ability to add value to the companies through active engagement.</p> <p><i>Quoted securities</i></p> <p>The strategy seeks to exploit market inefficiencies which exist in quoted equity markets amongst smaller companies, which are typically under-researched, have relatively low trading liquidity and exhibit many of the same characteristics of privately held companies. The strategy aims for a high level of engagement with investee company stakeholders in order to identify market pricing inefficiencies and to support a clear equity value creation plan, typically over a three to five year investment horizon. Investments in quoted companies will, in most cases, be by means of co-investment alongside other funds managed by the investment manager or members of its group targeting influential, but non-controlling, block stakes in companies with a market capitalisation typically below £250 million.</p>	

	<b>Current Investment Policy (adopted on 16 August 2016)</b>	<b>Proposed New Investment Policy</b>
	<p><i>Funds</i></p> <p>The Company may make indirect investments by means of passive co-investment or fund commitments in circumstances where it is able to procure preferred terms, and where the fund is managed by the investment manager, and net returns are expected to exceed the investment return objectives.</p>	
<b>Portfolio construction</b>	<p>The portfolio will typically hold no more than 20 investments (including fund commitments) representing a significant majority of the Company's portfolio (typically, in excess of 80 per cent by value). Capital will be allocated to public or private investments for direct investment or co-investment where the investment manager believes such investment is able to generate attractive risk adjusted returns over the medium to longer term. More than 50% of the portfolio, by reference to the net asset value of the Company at the time the investment is made, is expected to be invested in private equity opportunities (including in funds). The Company intends to invest in at least 10 company positions (whether directly or on a 'look-through' basis for investments in relation to fund investments) once the Company is fully invested (being the time at which the transition to this investment policy has been completed following realisation of legacy investments).</p>	
<b>Sector and Geographic focus</b>	<p>The Company is not restricted to specific sectors. The Company's assets will be predominantly invested in the United Kingdom, Europe and North America.</p>	
<b>Exposure limits</b>	<p>The Company will manage risk through appropriate portfolio construction and exposure to any single company, including those single 'look through' company positions within fund holdings, will be restricted to 15% of the Company's net assets at the time the investment is made (by reference to the net asset value of the Company in the immediately preceding month). Any investment in securities issued by a single company or investment fund which represents more than 10 per cent of the Company's net assets at the time the investment is made will require the Board's approval.</p>	



	<b>Current Investment Policy (adopted on 16 August 2016)</b>	<b>Proposed New Investment Policy</b>
<b>Gearing</b>	The Company intends to put in place a bank facility in order to manage working capital requirements, but will limit borrowing to no more than 25 per cent of the net asset value of the Company measured at the time of borrowing.	The Company may take on new borrowings, only where such borrowings are necessary or desirable to protect or enhance an investment's realisable value as part of the orderly realisation of the Company's assets and provided that any new borrowings do not exceed 33.33% of the Group's Gross Asset Value at the time such borrowings are incurred. For the avoidance of doubt, borrowings by investee companies which are non-recourse to the Company or other members of the Group shall not be subject to this proviso.
<b>Returns on investment</b>	The intention is to return an amount in the region of 30 per cent of annual cash realised profits from investments made pursuant to the investment policy and in so doing, to generate a dividend yield over the longer term.	The net proceeds from realisations will be used to make timely returns of capital to Shareholders in such manner as the Board considers appropriate.
<b>Changes to the Investment Policy</b>		Any material changes to the Company's investment policy set out above will only be made with the prior approval of the Financial Conduct Authority and of Shareholders by way of an ordinary resolution.
<b>Hedging</b>		The Company may from time to time use derivative instruments such as futures, options, futures contracts and swaps (collectively "Derivatives") to protect and hedge the Company from fluctuations of interest rates, however it does not intend to use such instruments for investment purposes. The Derivatives must be traded on a regulated market or by private agreement entered into with financial institutions or reputable entities specialising in this type of transaction.

	<b>Current Investment Policy (adopted on 16 August 2016)</b>	<b>Proposed New Investment Policy</b>
<b>Liquidity Management</b>		<p>The Board of the Company will ensure a liquidity management system is employed for monitoring the Company's liquidity risks. The Board of the Company will ensure, on behalf of the Company, that the Company's liquidity position is consistent at all times with its investment policy, liquidity profile and working capital requirements.</p> <p>Any cash received by the Company as part of the realisation process will be held by the Company as cash on deposit and/or will be invested in cash equivalents, near cash instruments, bearer bonds and money market instruments pending its return to Shareholders.</p>

## DEFINITIONS

In this document, unless the context otherwise requires, the following expressions have the following meanings:

<b>Act</b>	the Companies Act 2006, as amended from time to time
<b>AGM</b>	the Annual General Meeting of the Company convened for 11:00am on 14 May 2025
<b>Amended Articles</b>	the amended articles of association of the Company proposed to be adopted by Shareholders at the General Meeting by Resolution 3
<b>Articles or Articles of Association</b>	the current articles of association of the Company, as adopted by a special resolution of the Company passed on 13 May 2010
<b>Board</b>	the board of Directors of the Company (or any duly authorised committee)
<b>Bonus Issue</b>	is a bonus issue of the B Shares to be allotted and issued to Shareholders on the Record Date pursuant to a capitalisation of reserves under article 127 of the Amended Articles
<b>B Share Dividend</b>	the fixed rate dividend payable on B Shares in accordance with the rights described in Part 3 of this document
<b>B Shares</b>	unlisted, redeemable, fixed rate preference shares of one pence each in the capital of the Company having the rights and restrictions set out in Part 3 of this document
<b>B Share Scheme</b>	the proposed mechanism to enable returns of capital through the issue and redemption of B Shares
<b>Business Day</b>	any day of the year (excluding Saturdays, Sundays and public holidays) on which banks are open for normal banking business in the City of London
<b>CGT</b>	United Kingdom taxation of capital gains and corporation tax on chargeable gains
<b>Company</b>	LMS Capital PLC, a public limited company incorporated and registered in England and Wales with registered number 05746555 and having its registered office at 3 Bromley Place, London W1T 6DB
<b>CREST</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) for the paperless settlement of transfers and the holding of shares in uncertificated form which is administered by Euroclear
<b>CREST Manual</b>	the compendium of documents titled 'CREST Manual' issued by Euroclear from time to time and comprising the CREST Reference Manual, the CREST Central Counterparty Service Manual, the CREST International Manual, CREST Rules, CCSS Operations Manual and the CREST Glossary of Terms

<b>CREST Proxy Instruction</b>	an authenticated CREST message to appoint or instruct a proxy in accordance with Euroclear's specifications and the CREST Manual
<b>Directors</b>	the directors of the Company from time to time
<b>Disclosure Guidance and Transparency Rules</b>	the UK disclosure guidance and transparency rules made by the FCA under Part VI of FSMA
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom whose place of business is at 12 Endeavour Square, London E20 1JN, including any replacement or substitute thereof and any regulatory body or person succeeding, in whole or in part, to the functions thereof
<b>First Return of Capital</b>	the first Return of Capital, expected to be implemented in July 2025, subject to the Resolutions being passed and the Reduction becoming effective
<b>Form of Proxy</b>	the form of proxy for use by Shareholders in connection with the General Meeting which accompanies this document
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto
<b>General Meeting</b>	the general meeting of the Company convened for 11:15am on 14 May 2025 to be held at 3 Bromley Place, London W1T 6DB, or any adjournment of that meeting, the notice for which is set out at the end of this document (the <b>Notice of General Meeting</b> )
<b>HMRC</b>	HM Revenue & Customs
<b>Latest Practicable Date</b>	22 April 2025
<b>Listing Rules</b>	the UK listing rules made by the FCA
<b>London Stock Exchange</b>	London Stock Exchange plc, a public limited company incorporated and registered in England and Wales with registered number 02075721 and having its registered office at 10 Paternoster Square, London EC4M 7LS
<b>Managed Realisation</b>	the proposed managed realisation of the Company as described in Part 1 of this document
<b>NAV or Net Asset Value</b>	the value of the assets of the Company less its liabilities, determined in accordance with the accounting principles adopted by the Company from time to time
<b>New Investment Policy</b>	the proposed new investment policy, further details of which are set out in Part 6 of this document
<b>Official List</b>	The Official List of the FCA
<b>Ordinary Shares or Shares</b>	ordinary shares of 10 pence each in the capital of the Company
<b>Overseas Shareholders</b>	Shareholders resident in, or citizens or nationals of, jurisdictions outside the United Kingdom

<b>Proposals</b>	the proposed adoption of the New Investment Policy and Return of Capital, the Reduction, the adoption of the Amended Articles, and the implementation of the B Share Scheme and to convene the General Meeting to approve the Resolutions
<b>Record Date</b>	in respect of any Return of Capital, the date determined by the Board, at its absolute discretion, on which the entitlements of Shareholders whose names are entered on the register of members of the Company, as in force from time to time, to B Shares under that Return of Capital will be calculated
<b>Redemption Date</b>	in respect of any Return of Capital, the date determined by the Board, at its absolute discretion, on which the B Shares allotted and issued under that Return of Capital will be redeemed
<b>Redemption Price</b>	in respect of any Return of Capital, the price at which B Shares allotted and issued under that Return of Capital are to be redeemed, being one (1) pence for each B Share
<b>Reduction</b>	the reduction and cancellation of: (i) the Company's issued share capital by cancelling and extinguishing the amount paid up on each fully paid up Share to the extent of 9.99 pence; and (ii) the entire amount standing to the credit of the Company's share premium account and capital redemption reserve
<b>Registrar</b>	MUFG Corporate Markets of Central Square, 29 Wellington Street, Leeds, LS1 4DL
<b>Regulatory Information Service</b>	the regulatory information service provided by the London Stock Exchange
<b>Resolution 1</b>	resolution number 1 to be put to the General Meeting as summarised in paragraph 9 of Part 2 of this document and set out in the Notice of General Meeting
<b>Resolution 2 or Reduction Resolution</b>	resolution number 2 to be put to the General Meeting as summarised in paragraph 9 of Part 2 of this document and set out in the Notice of General Meeting
<b>Resolution 3</b>	resolution number 3 to be put to the General Meeting as summarised in paragraph 9 of Part 2 of this document and set out in the Notice of General Meeting
<b>Resolution 4</b>	resolution number 4 to be put to the General Meeting as summarised in paragraph 9 of Part 2 this document and set out in the Notice of General Meeting
<b>Resolution 5</b>	resolution number 5 to be put to the General Meeting as summarised in paragraph 9 of Part 2 of this document and set out in the Notice of General Meeting
<b>Resolutions</b>	Resolution 1, Resolution 2, Resolution 3, Resolution 4 and Resolution 5 or each of them as the context may require

<b>Return of Capital</b>	a return of capital pursuant to the allotment, issue and redemption of B Shares to be made at such time or times as determined by the Board at its absolute discretion
<b>Shareholders</b>	holders of Ordinary Shares
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Securities Act</b>	the United States Securities Act of 1933, as amended from time to time

# LMS CAPITAL PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with registered number 05746555)  
(the “Company”)

## NOTICE OF GENERAL MEETING

**NOTICE IS GIVEN** that a general meeting of the Company will be held at 3 Bromley Place, London W1T 6DB on 14 May 2025 at 11:15am (or as soon afterwards as the annual general meeting of the Company convened for 11:00am on the same date has been concluded or adjourned) to consider the resolutions set out below. Resolutions 1, 4 and 5 will be proposed as ordinary resolutions and resolutions 2 and 3 will be proposed as special resolutions.

### ORDINARY RESOLUTION

1. **THAT** the amended investment policy set out in Part 6 of the circular to shareholders dated 24 April 2025, a copy of which has been produced to the meeting and initialled by the Chairman, for identification purposes, be approved and adopted as the investment policy of the Company in substitution for, and to the exclusion of, all previous investment policies of the Company.

### SPECIAL RESOLUTIONS

2. **THAT**, subject to the approval of the High Court of Justice in England and Wales, the share capital of the Company be reduced by (i) cancelling and extinguishing the amount paid up on each fully paid up Share to the extent of 9.99 pence per Share; and (ii) cancelling the entire amount standing to the credit of the Company's share premium account and capital redemption reserve ((i) and (ii) together being the “**Capital Reduction**”).
3. **THAT** the articles of association of the Company be amended by the insertion of the following as a new article 140 after the existing article 139 (the “**Amended Articles**”):

#### 140 “B Shares”

- (A) Subject to the Act and notwithstanding anything in these Articles to the contrary:
- (i) the directors may, from time to time, issue unlisted, redeemable, fixed rate preference shares of £0.01 each in the capital of the Company (“**B Shares**”), provided that such B Shares are fully paid up out of the reserves of the Company (which shall include, but not be limited to, any capital standing to the credit of the share premium account or any capital redemption reserve) and of any other profits available for distribution; and
  - (ii) the directors may, with the authority of a special resolution (which need only be obtained once and need not be obtained on every occasion B Shares are to be issued), from time to time resolve to capitalise any sum or sums standing to the credit of any reserve (which shall include, but not be limited to, any capital standing to the credit of the share premium account or any capital redemption reserve) and of any other profits available for distribution and apply such sum or sums for the purposes of paying up B Shares to be allotted and issued to existing shareholders *pro rata* to their shareholding of the ordinary shares at the record date for the relevant issue of B Shares.
- (B) Notwithstanding any other provisions in these Articles, the B Shares shall have the rights, and be subject to the restrictions, attaching to shares set out in these Articles save that in the event of a conflict between any provision in this Article 140 and any other provision in these Articles, the provisions in this Article 140 shall prevail.

### **Income**

- (C) The profits available for distribution shall be applied first in paying to the holders of the B Shares (in priority to any payment of dividend to the holders of any other class of shares in the capital of the Company) a fixed rate cash dividend ("**Preferential Dividend**") at the rate of £0.0001 on every B Share held by them, such dividend to be paid on the date following 6 months after the date on which the relevant B Shares were issued and thereafter on each anniversary of such date ("**Fixed Dividend Dates**") to the registered holders of B Shares shown in the register of members of the Company on the relevant Fixed Dividend Date. Every Preferential Dividend shall be distributed to the holders of the B Shares *pro rata* according to the amounts paid up or credited as paid up on the B Shares held by them respectively and shall be rounded down to the nearest whole number of pence.

### **Capital**

- (D) On a return of capital on a winding-up (excluding any intra-group reorganisation on a solvent basis), the holders of the B Shares shall be entitled, in priority to any payment to the holders of every other class of share in the capital of the Company, to one pence per B Share held by them.

In the event that there is a winding-up and the amounts available for payment are insufficient to pay the amounts due on all the B Shares in full, the holders of the B Shares shall be entitled to their *pro rata* proportion of the amounts to which they would otherwise be entitled.

The aggregate entitlement of each holder of B Shares on a winding-up in respect of all the B Shares held by them shall be rounded down to the nearest whole number of pence.

### **Attendance and voting at general meetings**

- (E) The holders of the B Shares shall not be entitled, in their capacity as holders of such B Shares, to receive notice of any general meeting of the Company nor to attend, speak or vote at any such general meeting nor to vote on a written resolution of the Company.

### **Class rights**

- (F) The Company may from time to time create, allot and issue further shares, whether ranking equally with or in priority or subsequent to the B Shares. The creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the B Shares) shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.

A reduction by the Company of the capital paid up or credited as paid up on the B Shares and the cancellation of such shares shall be treated as being in accordance with the rights attaching to the B Shares and shall not involve a variation of such rights for any purpose or require the consent of the holders of the B Shares.

### **Redemption of B Shares**

- (G) Subject to the provisions of the Act and these Articles, the Company shall redeem the B Shares as follows:
- (i) The B Shares shall be redeemed at such time or times as the directors may in their absolute discretion determine (each a "Redemption Time"). There shall be paid on each B Share redeemed under this Article 140(G) the amount paid up thereon together with a sum equal to all arrears, of any Preferential Dividend due and payable at any time prior to the Redemption Time;
  - (ii) as from the Redemption Time, no Preferential Dividends shall be payable on the B Shares;



- (iii) in the absence of bad faith or wilful default, neither the Company nor any of its directors, officers or employees shall have any liability to any person for any loss or damage arising as a result of the determination of the Redemption Time in accordance with Article 140(G)(i) above; and
- (iv) the receipt of the registered holder for the time being of any B Shares (or in the case of joint registered holders the receipt of any of them) of the monies payable on redemption thereof shall constitute an absolute discharge to the Company in respect thereof.

#### **Transfer**

- (H) The B Shares shall not be transferable.

#### **Share certificates and CREST**

- (I) The B Shares shall not be listed or admitted to trading on any stock exchange nor shall any share certificates be issued in respect of the B Shares and no CREST accounts will be credited with any such shares.

### **ORDINARY RESOLUTIONS**

4. **THAT**, conditional upon the passing of Resolutions 1, 2 and 3 above and the Capital Reduction becoming effective, the directors of the Company (the “**Directors**”) be generally and unconditionally authorised under article 140 of the Amended Articles to capitalise from time to time any sum or sums standing to the credit of any reserve of the Company, whether or not the same is available for distribution, (including the Company’s special reserve) and to apply such sum or sums in paying up in full up to 4,000,000,000 B Shares (as defined below) in the capital of the Company having the rights and restrictions set out in article 140 of the Amended Articles that may be allotted and issued from time to time to the holders of ordinary shares in the capital of the Company under the authority given by Resolution 5 below.
5. **THAT**, conditional upon the passing of Resolutions 3 and 4 above and the Capital Reduction becoming effective, under section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to exercise all powers of the Company to allot and issue from time to time, credited as fully paid up, unlisted, redeemable, fixed rate preference shares of 1 pence each in the capital of the Company having the rights and restrictions set out in article 140 of the Amended Articles (“**B Shares**”) up to an aggregate nominal amount of £40,000,000 to the holders of ordinary shares in the capital of the Company (excluding any ordinary shares held in treasury) on a *pro rata* basis, and by reference to such record time(s) and date(s), as determined by the Directors from time to time, in accordance with the terms of the circular sent by the Company to its shareholders dated 24 April 2025 and such authority, unless previously varied, revoked or renewed, shall expire on the fifth anniversary of the passing of this Resolution 5, save that the Company may, before such expiry, make an offer or agreement which would or might require B Shares to be allotted and/or issued after such expiry and the Directors may allot and issue B Shares in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

*By order of the Board*

**IQ EQ SECRETARIES (UK) LIMITED**  
*Secretary*

*Registered office*  
 3 Bromley Place  
 London  
 W1T 6DB

Dated: 24 April 2025

## Notes:

### 1. Right to attend and vote

In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at the close of business on 12 May 2025 or, if the meeting is adjourned, at the close of business, two days (excluding non-working days) before the day of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after the close of business on 12 May 2025 or, if the meeting is adjourned, after the close of business two days (excluding non-working days) before the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.

### 2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company but must attend the General Meeting to represent you. To be validly appointed a proxy must be appointed using the procedures set out in these Notes and the notes on the accompanying Form of Proxy.

If you wish your proxy to speak on your behalf at the General Meeting, you will need to appoint your own choice of proxy (not the Chair of the General Meeting) and give your instructions directly to them.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different Ordinary Shares. Members cannot appoint more than one proxy to exercise the rights attached to the same Ordinary Share(s). Members must state clearly on each Form of Proxy the number of Ordinary Shares in relation to which the proxy is appointed. You can only appoint a proxy using the procedures set out in these Notes and the notes to the Form of Proxy.

A member may instruct their proxy to abstain from voting on the resolutions to be considered at the General Meeting by marking the 'vote withheld' option when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes 'for' or 'against' the relevant resolution.

The appointment of a proxy will not prevent a member from attending the General Meeting in person and voting if they wish. Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, refrain from voting.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have the right to appoint any proxies under the procedures set out in these Notes and should read Note 4 below.

#### **Form of Proxy**

To be effective, the instrument appointing a proxy and any authority under which it is executed (or a copy of such authority notarially certified or certified in some other way approved by the Board) must be deposited with the Company's registrars, MUFG Corporate Markets, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL, not less than 48 hours (excluding non-working days) before the time of the meeting or, in the event of an adjournment, not less than 48 hours (excluding non-working days) before the time of the adjournment.

If you require additional Forms of Proxy, please contact the Registrar by calling +44 (0)371 664 0300. Lines are open between 8.00 am and 5.30 pm Monday to Friday excluding public holidays in England and Wales. Alternatively, you can email the registrars at [shareholderenquiries@cm.mpms.mufg.com](mailto:shareholderenquiries@cm.mpms.mufg.com).

#### **Electronic proxy appointment**

A member can also appoint a proxy online via the Investor Centre app or web browser at, <https://uk.investorcentre.mpms.mufg.com/>, where full instructions are given. Investor Centre is a free app for smartphones and tablets provided by the Company's registrars. The app is available to download from both the Apple App Store and Google Play, or by scanning the relevant QR code below.



In order to register their votes online, shareholders will require their investor code, which can be found on their personalised Form of Proxy or share certificate or you can obtain it from MUFG Corporate Markets, 0371 664 0300 and +44 (0) 371 664 0300 (international). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 8.00 am and 5.30 pm Monday to Friday excluding public holidays in England and Wales. Alternatively, you can email the registrars at [shareholderenquiries@cm.mpms.mufg.com](mailto:shareholderenquiries@cm.mpms.mufg.com)

If a shareholder is a CREST member, they can use the electronic proxy service provided by Euroclear (see below). Forms of proxy may not be submitted via the LMS Capital plc website or via any email address given on that website. The valid appointment of a proxy will not preclude members from attending the meeting and voting in person.

### ***Proxymity Voting***

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by its registrars. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by not less than 48 hours (excluding non-working days) before the time of the meeting in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours (excluding non-working days) before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

### ***CREST***

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment(s) of the meeting) by using the procedures described in the CREST Manual (available via <http://www.euroclear.com>). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, MUFG Corporate Markets (CREST participant ID RA10), no later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s)) concerned, to take to procure that their CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### ***Appointment of proxy by joint holders***

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. The first named holder is considered the most senior for this purpose.

## **3. Corporate representatives**

Any corporation which is a member may appoint one or more corporate representatives to exercise all of its powers as a member on its behalf, provided that not more than one corporate representative may exercise powers over the same share. If your shares are held within a nominee and you wish to attend the AGM, you will need to contact your nominee immediately as they will need to provide you with a letter of representation.

#### **4. Nominated persons**

The right to appoint a proxy does not apply to anyone whose shares are held on their behalf by another person and who has been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 (the “**nominated person**”). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

If you have been nominated to receive general shareholder communications directly from the Company, it is important to remember that your main contact in terms of your investment remains as it was (that is the registered shareholder, or a custodian or broker, who administers the investment on your behalf). Therefore, any changes or queries relating to your personal details and holding (including any administration queries) must continue to be directed to your existing contact at your investment manager, custodian or broker. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to you directly.

Shareholders who hold their shares via a share dealing platform can find more information on The Association of Investment Companies’ website about how to exercise their votes <https://www.theaic.co.uk/how-to-vote-your-shares> and how to attend shareholder meetings <https://www.theaic.co.uk/how-to-attend-an-AGM>.

#### **5. Voting rights**

As at 22 April 2025 (being the latest practicable date prior to the publication of this Notice of General Meeting) the Company’s issued share capital consisted of 80,727,450 Ordinary Shares of 10 pence each. Each Ordinary Share carries a right to one vote at a general meeting of the Company. The Company held no shares in treasury, therefore, the total number of voting rights in the Company as at 22 April was 80,727,450.

#### **6. Notification of shareholders**

Any person holding 3 per cent or more of the total voting rights of the Company who appoints a person as their proxy will need to ensure that both they and their proxy comply with their respective disclosure obligations under the FCA’s Disclosure Guidance and Transparency Rules. Should the members grant the Chair of the General Meeting or any Director voting authority representing 3 per cent or more of the total voting rights of the Company, an appropriate disclosure will be released to the London Stock Exchange in accordance with the FCA’s Disclosure Guidance and Transparency Rules.

#### **7. Questions at the General Meeting**

Any member attending the General Meeting has the right to ask questions that relate to the business of the General Meeting, although no answer need be given if: (i) to do so would interfere unduly with the preparation for the General Meeting or involve disclosure of confidential information; (ii) the answer has already been given on the Company’s website; or (iii) it is undesirable in the best interests of the Company or the good order of the General Meeting that the question be answered.

#### **8. Communication**

A copy of the Notice of General Meeting, including these explanatory notes and other information required by section 311A of the Companies Act 2006, is included on the Company’s website at <https://www.lmscapital.com/> and on the National Storage Mechanism website at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

Shareholders are advised that, unless otherwise stated, any telephone number or email address which may be set out in this Notice of General Meeting or in any related documents (including the Form of Proxy) is not to be used for any purposes other than those expressly stated.

#### **9. Documents on display**

Shareholders are referred to Part 2 of the circular to shareholders dated 24 April 2025 for information regarding the documents on display.