

B.P. Marsh & Partners PLC (“B.P. Marsh” or the “Group”)

Trading Update at 31.07.13

B.P. Marsh, the niche venture capital provider to early stage financial services businesses, is pleased to provide the market with an update on trading for the six month period to 31st July 2013, noting that at 31st January 2013 the Group had achieved an annual compound growth rate of 11.9% (after running costs, realisations, losses and distributions and having made an appropriate allowance for deferred corporation tax) since the Group’s establishment in 1990 (excluding £10.1m raised on flotation).

Investment Portfolio

Hyperion Insurance Group Limited (“Hyperion”)

The transaction to sell 80% of the Group’s holding in Hyperion to the global growth equity firm General Atlantic Hawthorn B.V. ("General Atlantic") completed on 8th July 2013, following receipt of international regulatory approvals. The cash consideration of £29,242,304 (equating to £5.20 per A Ordinary Share of Hyperion) has been received.

The Company has retained a 2.76% stake in Hyperion subject to a Call Option arrangement which will allow General Atlantic to purchase this stake at £5.20 per share. The Call Option will expire and fall away on 8th July 2016 or upon Hyperion undertaking an Initial Public Offering ("IPO"), whichever is the earlier. Under the Call Option the Group would receive a further £7,310,576 in cash if exercised.

The Group has agreed to provide to Hyperion a loan of £6,037,360 at an interest rate of Bank of England Base rate + 5%, minimum 7.5% for a minimum term of 12 months to refinance existing shareholder loans (including £2,945,947 that B.P. Marsh had previously provided to Hyperion). As such £3,091,413 in cash from the sale of shares has been used to finance this loan. The loan will be repayable on an IPO or a change of control of Hyperion or on 3rd October 2017, whichever is the earlier.

Sterling Insurance Holdings PTY Limited (“Sterling”)

The Group’s most recent investment, undertaken through the investment vehicle Neutral Bay Investments Limited which completed in June 2013, continues to perform in line with expectations.

The Group can also confirm that on 8th August 2013, Steadfast Group Limited (ASX: SDF) acquired a 39.5% shareholding in Sterling, for the consideration of (Aus) \$6.16m. Steadfast is Australia's largest network of insurance brokers, with more than 430 offices across Australia and New Zealand, and annually generates around (Aus) \$4.1 billion in insurance sales.

The Group is looking forward to working alongside its partners in Besso Insurance Group Limited and the Sterling Management team and Steadfast to grow the underlying value of the business over the coming years.

US Risk (UK) Limited (“US Risk”)

- **Appointment of new Managing Director**

US Risk, the parent company of Oxford Insurance Brokers and James Hampden International Insurance Brokers is pleased to announce the appointment of Mr Mike Lobb as Managing Director. Previously Mr Lobb held the role of Managing Director at Howden Insurance Brokers (part of the broking subsidiary of Hyperion).

The Group is looking forward to working with Mr Lobb and the Management team to build on US Risk's recent growth.

Commenting on his appointment Mr Lobb made the following statement:-

"US Risk has established an excellent platform from which to grow in a market which remains fragmented. The experience held within the trading companies and our shareholders places us ideally for expanding both organically and through acquisition to deliver profitable growth. Importantly, our structure allows us to be dynamic which should attract likeminded people who wish to join an exciting company."

- **Underwriting Platform**

Through the hiring of a specialist team, US Risk has further expanded its underwriting agency operations which will focus on Professional Risk in the UK market. Further announcements on this will be made in due course.

- **Geographical Expansion**

US Risk continues to pursue opportunities both within the London Market and abroad, to develop its broking and underwriting platforms. Updates on these areas will be given in due course, although additional announcements are expected in the near future.

LEBC Holdings Limited ("LEBC")

Following the £1.1m turn-around in profitability over the 2012 financial year, in which LEBC achieved a profit of £0.5m, LEBC continues to develop and expand its offering in the Corporate and Private Client Advice sectors.

CEO Jack McVitie has remarked:-

"In the corporate arena our twin focus on Auto Enrolment and Final Salary Derisking continue to deliver success both with new clients and increased work for existing clients."

"In the individual arena our focus on true impartial financial planning informed, where appropriate, by our Model Portfolios continues to be embraced by new and existing customers."

"I am confident that these successes will be reflected in our financial results for the year ending 30th September 2013."

Besso Insurance Group Ltd ("Besso")

The Group was pleased to support Besso with the provision of follow on funding, in its recent acquisitions, which it believes will prove to be value accretive investments.

- **Turkey**

In May 2013 Besso bought a specialist aviation intermediary, HSB Sigorta ve Reasurans Brokerligi ("HSB"), to add to its platform in the Turkish market. Now known as Besso Sigorta ve Reasurans, the Company was established in 2007 and is already assisting Besso in developing its participation in the fast growing Turkish insurance market.

- **Australia**

In June 2013, Besso, alongside the Group, invested in Neutral Bay Investments Limited, an investment vehicle established to acquire a 39.5% shareholding in Sterling, as mentioned above. For a number of years Besso has been the London Market broker for this operation and has helped in its development since Sterling's management buy-out, which was conducted in 2008.

- **Financial Performance**

The Group was pleased to see Besso's improving profitability for the 2012 financial year; reporting an operating profit of £1.1m (2011 operating loss of £1.1m) with turnover for the year increasing by 8.29% to £26.2m from £24.2m in 2011.

Colin Bird, Chairman of Besso, has made the following comments on Besso's recent performance:

"We were obviously pleased that with the support of B.P. Marsh we were able to return to profitability and establish a strong and supportive shareholder base with which to assist the growth and development of Besso."

"Having now closed out the first half of the 2013 financial year, Besso is quietly optimistic that 2013's financial performance will improve on that of the 2012 financial year."

Strategy

The Group has a stated objective which is to make minority investments in promising opportunities in the financial services sector, typically taking an equity stake of between 15% and 45%. The investment goal remains unchanged: identify businesses with strong management teams and good growth potential, and help fund, support and develop these companies so they can deliver on growth opportunities.

Given the potential opportunities in the Group's key market place, the Board is unanimous that the priority for the Group and the long term benefit of the shareholders is to continue to develop the business, and reinvest the Hyperion sale proceeds in both its existing portfolio and in new ventures within its existing investment criteria, as has been its philosophy since 1994.

Hyperion is a good example of how the B.P. Marsh model creates value on an NAV level for shareholders, and it should also be noted that the Group has achieved a compound annual growth rate of circa 12% in its net assets since formation. Management is confident that the stated strategy will result in the continuation of such growth.

The Group is seeing an increasing number of new investment opportunities that are of interest, particularly in the insurance intermediary sector, both in the UK and internationally.

Dividend

As a sign of confidence in the long term prospects for B.P. Marsh, the Board agreed the payment of a dividend of 1.25p per share (£365,375), a 25% increase from the last dividend paid by the Company in July 2012. The dividend will be paid on 23rd August 2013 to all shareholders on the Company's register at close of business on 2nd August 2013. The dividend is in relation to the current year, ending 31st January 2014.

Exit Opportunities

The Board continues to consider exit opportunities for both portfolio investments and for the Group itself as and when they may arise.

Interim Results

The Group will announce its interim results on Tuesday 22nd October 2013.

For further information:

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Notes to Editors:

About B.P. Marsh & Partners Plc

B.P. Marsh's current portfolio contains ten companies. More detailed descriptions of the portfolio can be found at www.bpmarsh.co.uk.

Since formation over 20 years ago, the Company has assembled a management team with considerable experience both in the financial services sector and in managing private equity investments. Many of the directors have worked with each other in previous roles, and all have worked with each other for at least four years.

Prior to Brian Marsh's involvement in the Company, he spent many years in insurance broking and underwriting in Lloyd's as well as the London and overseas market. He has over 30 years' experience in building, buying and selling financial services businesses, particularly in the insurance sector.

Jonathan Newman is a Chartered Management Accountant and is the Group Director of Finance and has over 15 years' experience in the financial services industry. Jonathan advises investee companies through several non-executive board appointments and evaluates new investment opportunities.

Daniel Topping is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate of the Institute of Chartered Secretaries and Administrators (ACIS), having graduated from the University of Durham in 2005. Dan joined B.P. Marsh in February 2007 having started his career at an accountancy firm. In 2011 he was appointed as a director of B.P. Marsh and currently has a number of non-executive appointments over five investee companies and evaluates new investment opportunities.

Camilla Kenyon was appointed as Head of Investor Relations at B.P. Marsh in February 2009, having four years' prior experience with the Company. Camilla holds two non-executive appointments, is Chair of the New Business Committee and is a Member of the Investor Relations Society.

Natasha Dunbar has over 18 years' experience in the financial services industry. Having joined the Company in 1994 she was made managing director in March 2002, subsequently becoming a non-executive director of the Company in 2008, a position she held for five years. Natasha was reappointed as a Director in February 2013 and holds a non-executive appointment at one of the Group's investee companies.

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