B.P. MARSH
& PARTNERS PLC

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On behalf of: B.P. Marsh & Partners Plc
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B.P. Marsh & Partners Plc

(“B.P. Marsh”, the “Company” or the “Group”)
Trading Update

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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 months ended 31 July 2017.

Highlights
- New investments – CBC UK Limited and XPT Group LLC
- Increased shareholding in LEBC Holdings Limited
- Disposals – Besso Insurance Group Limited and Trireme Insurance Group Limited
- Follow-on funding provided to Nexus
- Dividend of 3.76p per share announced for year ending 31 January 2018
- Strong opportunity pipeline
- £13.2m net cash available
- Appointment of Nicholas Walker as Non-Executive Director

New Investments

Investment in CBC UK Ltd (“CBC”)

On 17 February 2017, the Group acquired, through a newly established company Paladin NewCo Limited (“Paladin”), an effective 35% shareholding in CBC.

CBC is a Retail and Wholesale Lloyd's Insurance Broker, offering a wide range of services to commercial and personal clients as well as broking solutions to intermediaries. For the year ending 31 December 2017, CBC has a forecast Revenue of £5.55m with a forecast EBITDA of £0.63m.

As part of the transaction, the Group partnered with CBC's management team and Andrew Wallas, who joined the Board as Non-Executive Chairman, delivering a 50% and 15% shareholding to both parties respectively.

This transaction was made through Paladin to which the Group provided £4m of funding. This was provided via the subscription for a 35% shareholding in Paladin for nominal value and a Loan Facility of £4.0m which was fully drawn down on completion.

Having exited investments in two Lloyd’s brokers, Besso and Trireme, during the six-month period, the Group was pleased to establish this new position in the Lloyd’s broking sector, one of its traditional Markets.

Investment in XPT Group LLC ("XPT")

On 13 June 2017, the Group invested $6m into XPT, a New York based specialty lines insurance distribution company, subscribing for a 35% stake.

XPT is a newly established operation which is in active discussions with a number of parties over potential minority and or majority investments into established entities in the US wholesale insurance arena. XPT plans to make one or two US-based acquisitions before the end of the year.

The management team at XPT is a line-up of industry veterans, including Tom Ruggieri, formerly of Marsh, Advisen and Swett & Crawford, Mark Smith, former president and CEO of Stewart Smith, Jeff Heath, the founder of Heath Group, and Mason Power, former COO and Chief Marketing Officer at Swett & Crawford.

The investment in XPT is a return to the US market for the Group, following on from the Company's recent investment in Canada, Stewart Specialty Risk Underwriting Ltd.

Disposals

Besso Insurance Group Ltd ("Besso")

The Group announced on 4 January 2017 that it had reached agreement to sell its entire 37.94% shareholding in Besso for cash, with completion subject to, inter alia, regulatory approval, to BGC Partners Inc ("BGC").

Completion was announced on 28 February 2017, with the Group receiving £21.6m in cash (net of transaction costs and pre-tax) following BGC's 100% acquisition of Besso for an enterprise valuation of approximately £70.5m. Various adjustments were then made by reference to completion accounts, resulting in further £0.4m consideration proceeds (net of transaction costs and pre-tax) being payable to the Group.

The Group's final proceeds from this sale represent an increase of £0.7m on the valuation at 31 January 2017 and an IRR of 21.9% since 1995. It also represents an increase of 58% on its last published valuation of the same stake in Besso of £13.9m at 31 July 2015, being the last valuation prior to the commencement of the sale process.

Trireme Insurance Group Ltd ("Trireme")

On 3 April 2017, the Group announced its intention to dispose of its 29.94% shareholding in Trireme for £2.96m cash, to its fellow shareholder US Risk Midco, LLC ("US Risk"). Due to the aggregate quantum of disposals and loan repayments within the portfolio over the previous 12 months, this required the approval of the Group's shareholders at a General Meeting. Such authority was given on 19 April 2017 and accordingly the sale completed shortly thereafter.

This disposal represents an uplift of 15% over the Group's valuation at 31 July 2016 and an IRR (including fees) of 15.6% since 2010, the date of investment.

As part of the disposal, Trireme repaid in full the outstanding £2.16m drawn down under its £2.42m loan facility with the Group, plus fees and any accrued interest. As such, the total pre-tax proceeds received by the Group amounted to £5.19m.

Follow-on Investments

LEBC Holdings Ltd ("LEBC")

The Group purchased a further 17.84% stake in LEBC for aggregate consideration of £7.13m in July 2017, increasing its shareholding to 60.87%.

The shares were purchased for cash from several sellers, including retiring employee shareholders, members of Management via LEBC's Employee Benefit Trust and Joint Share Ownership Plan and the Founder and CEO, Jack McVitie. As part of the transaction, the Joint Share Ownership Plan repaid the outstanding loan facility of £1.05m in full.

Following the purchase, the Company has an aggregate shareholding of 60.87% in LEBC, while the balance continues to be held by Founder and CEO, Jack McVitie and LEBC Management. The Group's usual strategy is to take minority equity positions, however in this instance the opportunity to make an additional investment proved compelling. The increase to a majority position will not result in changes to management of the investment, with management continuing to run the business day to day.

LEBC became directly authorised by the FCA on 1 August 2017. The business, which was previously an authorised representative of Tenet, has a compliance framework in place that has enabled the authorisation process. Jack McVitie, Chief Executive, commented "Direct authorisation ensures we will be able to continue to put our clients at the heart of everything we do and will provide them with unequalled service across our 16 offices nationally. Given the pace of change we have seen in the business and the industry at large over the last few years now is clearly the right time to make this change."

Follow-on Funding

Nexus Underwriting Management Ltd ("Nexus")

In July 2017, the Group provided Nexus, in which it holds an 18.14% shareholding, with a £4m Loan Facility, as part of a wider debt fundraising exercise, to undertake M&A activity.

Nexus secured £30m in loan facilities in total, with the balance of £26m provided by funds managed by HPS Investment Partners, LLC ("HPS"), the global investment firm.

To date, Nexus has drawn down £16.5m of this £30m facility, using it alongside existing cash resources to acquire Equinox Global Limited ("Equinox"), Zon Re Accident Reinsurance ("Zon Re") and Vectura Underwriting ("Vectura"), with further M&A activity planned for the remainder of 2017.

Equinox, founded in 2009, is a Trade Credit Managing General Agent with Lloyd's Coverholder approval with offices in London, New York, Paris, Hamburg and Amsterdam.

Zon Re is a management owned Reinsurance Underwriting Manager founded in 2003 which offers domestic and international reinsurance capacity in the accident reinsurance space, specifically for primary life, property & casualty and accident & health.

Vectura was established in 2007 and is a Managing General Agency offering clients a wide range of insurance products in the Marine Cargo space, and in particular international cargo and freight liability insurance.

By way of background, since the Company's investment in 2014, Nexus has grown its Gross Written Premium income from £56m in 2014 to a 2017 forecast of £157m in 2017, an increase of 180%. In the same period, commission income has increased from £12.3m to a forecast of £31m, an increase of

154%, and EBITDA has increased from £2.6m to a forecast £11m, an increase of 323%. The 2017 forecast figures include the three acquisitions noted above on a full year basis.

Portfolio Developments

The portfolio businesses have continued to develop as anticipated during the period. Specific instances or developments are noted below:

The Fiducia MGA Company Ltd ("Fiducia")

Fiducia, the UK Marine Cargo Underwriting Agency, has opened a new office in Birmingham and launched a comprehensive marine trades facility for the UK regional marine market.

The office will be headed by underwriter Marc Watts, with assistant underwriter Gemma Ballard and with Bob Watts leading development. The team had previously worked together at Groves John and Westrup and Northern Marine Underwriting (NMU).

CEO Gerry Sheehy commented "Fiducia officially launched in November 2016 with ambitions to recruit experienced specialists with the aim of broadening the firm's product base. Further expansion is planned over the next year and we are also seeing interest in our product set and capabilities from Europe."

Sterling Insurance (PTY) Ltd ("Sterling")
MB Prestige Holdings (PTY) Ltd ("MB")

The Group's two investments in Australia, Sterling and MB, continue to perform in line with or above the Group's expectations at the current time.

Summa Insurance Brokerage, S.L. ("Summa")

Summa continues to perform in line with the Group's expectations at the current time. For the year ended 31 December 2016 Summa performed in line with budget, reporting Revenue of €6.1m and recurring EBITDA of €1.4m.

Despite some consolidation following the financial crisis, the Spanish insurance intermediary market remains fragmented, with a high number of small regional players. Summa is one of the largest consolidators of regional insurance brokers in Spain, with an extensive network of offices and agents throughout the country. As such, the Group believes that Summa is well positioned to take advantage of growth opportunities moving forward.

This has been demonstrated by Summa's recent acquisition of the Mikel Lasa Correduria de Seguros, a regional insurance broker based in Mondragon, the capital of the Basque Country.

Additionally, the Group continues to work with Summa to develop their interaction with the Lloyd's and London Insurance Market.

Walsingham Motor Insurance Ltd ("Walsingham")

Walsingham, the specialist fleet motor insurance underwriting agency, has continued to exceed expectations this year and is forecasting to deliver revenue and profits above budget for the year.

Dividend

The Board has recommended a dividend of 3.76 pence per share (£1.1m) for the financial year ending 31 January 2018 payable in July 2018.

The Board aims to find a balance between utilising cash to invest in the existing portfolio and new opportunities, with providing investors with a healthy but sustainable yield. It is the Board's aspiration to continue to maintain a dividend of at least 3.76p per share for the year ending 31 January 2019, subject to ongoing review and approval by the Board and the Shareholders.

Share Buy-Backs

During the period of six months to 31 July 2017 the Group undertook seven Buy-Back transactions from the Market in line with its Buy-Back policy as announced on 3 March 2017 and 24 July 2017.

The Group's Share Buy-Back Committee meets periodically to decide if Buy-Back transactions should be undertaken when the discount to Net Asset Value of the Group's share price exceeds 25%. The suitability of the 25% threshold is regularly monitored by the Board. The Buy Backs are intended as a stabilising mechanism and have been particularly useful during periods of market instability.

The Group bought back 28,646 shares in total between 3 March 2017 and 16 March 2017 for an aggregate price of £53,967. These shares were transferred into Treasury and formed part of the award to Management and other staff as part of the Group's Share Incentive Scheme as announced on 29 June 2017.

Board Change

The Board is pleased to announce the appointment of Nicholas Walker as a Non-Executive Director, with effect from 6 September 2017. Upon appointment, Mr Walker also joined the Company's Remuneration Committee and Audit Committee.

Mr Walker is well-known to the Group, having worked with him in his capacity as Joint Managing Partner of Socios Financieros, the Madrid-based corporate finance firm which he founded in 1991, on matters relating to Summa, the Group's Spanish investment. This involvement resulted in Mr Walker's appointment as Non-Executive Director of Summa in February 2017.

Prior to founding Socios Financieros, Mr Walker was Vice President and Country Head of the Spanish M&A team at Citicorp from 1988-1991 and was an Analyst and Vice President at Bank of America International, including a member of its European M&A Group from 1985-1988.

The Board consider that Mr Walker's long track record in European and international M&A will bring additional depth to the Group and provide an excellent resource for the Management team and look forward to his contribution.

New Business Opportunities and Outlook

During the six-month period the Group has continued to see a strong flow of new investment opportunities, both in the UK and internationally, and discussions are ongoing on a number of these.

At the present time both the MGA and broking sub-sectors are producing good potential deal flow in quality businesses in the insurance market. The increase in the Group's top limit of first round investment funding from £3m to £5m, announced in February, has had a positive impact by widening the Group's sphere of opportunity.

North America continues to be an area of focus, where the Group sees considerable opportunity for insurance businesses to develop with its input and experience in the London market.

On the wealth management side, the Group continues to be interested in businesses with ambitious and capable management teams, whether IFAs, fund managers or other intermediaries.

The Group continues to see opportunity inflow from the fintech sector, however, has yet to find one that would fit with the Group's investment model and expertise.

The impact caused by Hurricane Harvey, the first major storm to hit the US in over a decade, at the end of August is still being measured, with latest estimates of industry insured losses ranging from $10bn-30bn. The Group's portfolio of insurance intermediary businesses is not exposed to insurance risk and should benefit from the adjustment to risk pricing that typically follows such an event.

Cash Balance

The net cash available for investment after provision for tax and commitments currently stands at £13.2m.

Interim Results

The Group expects to report the results for the six months to 31 July 2017 on Tuesday 17 October 2017.