B. P. MARSH
& PARTNERS PLC

Date: 7 February 2018
On behalf of: B.P. Marsh & Partners Plc
Embargoed until: 0700hrs

B.P. Marsh & Partners Plc

("B.P. Marsh", the "Company" or the "Group")
Trading Update and Increased Dividend

Trading Update

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 Group's financial year ended 31 January 2018.

Highlights

- Realisations of Besso and Trireme
- U.S. expansion via two new investments
- Two new Lloyd's broker investments
- Additional investment and follow-on funding to LEBC
- Follow-on funding provision to Nexus
- Increase in Dividend by 1p to 4.76p for the year to 31 January 2018, payable July 2018
- Strong opportunity pipeline
- Substantial Shareholding Exemption taxation rule change anticipated to have positive effect, removing existing deferred tax provision (£4.9m at 31 July 2017)
- £5.4m cash balance at 31 January 2018, of which £3.4m uncommitted pre-dividend

A year in which the Group has continued to build momentum.

Two realisations delivered substantial cash reserves that the Group deployed in four new insurance intermediary investments in the US and London.

The portfolio continues to develop, with Nexus and LEBC notably strong performers. The Group made an additional investment in LEBC during the year and provided both Nexus and LEBC with follow-on funding for acquisitions.

In recognition of the strong performance in the year and the support of loyal shareholders the Board has agreed an increase in the dividend of 1p, to 4.76p (£1.4m), for the year to 31 January 2018, payable in July 2018.

The Group should benefit from changes to the Substantial Shareholding Exemption taxation rules applying to share disposals on or after 1 April 2017. The Group and its auditors, Rawlinson & Hunter, believe there should be no requirement for provision of deferred tax on existing unrealised gains under International Financial Reporting Standards ("IFRS"), subject to audit and review. The provision at 31 July 2017 was £4.9m.

New Investments

Investment in EC3 Brokers Ltd ("EC3")

On 18 December 2017 the Group announced an investment into EC3 through EC3 Brokers Group Limited. The Group took an effective 20% equity stake in EC3 for a total cash consideration of £5m, in a mixture of Preferred and Ordinary shares.

EC3 is an independent specialist Lloyd's broker and reinsurance broker, established in 2014 by its current CEO, Danny Driscoll, following a management buyout from AJ Gallagher. EC3 provides services to a wide array of clients across several sectors, including construction, casualty, entertainment and cyber & technology, with a focus in the US, UK and Middle Eastern markets.

Investment in Mark Edward Partners LLC ("MEP")

On 12 October 2017 the Group invested in MEP, taking a 30% equity stake.

MEP is a specialty insurance broker offering a wide range of risk management services to commercial and private clients. Established in 2009 by Mark Freitas, Founder and CEO, it is a national U.S. firm with licenses to operate in all 50 states and has offices in New York, Palm Beach and Los Angeles.

Investment in XPT Group LLC ("XPT")

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

The management team at XPT is a line-up of industry veterans, led by Tom Ruggieri, formerly of Marsh, Advisen and Swett & Crawford.

Investment in CBC UK Ltd ("CBC")

On 17 February 2017 the Group acquired a 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.

Follow-on Investments and Funding

LEBC Holdings Ltd ("LEBC")

The Group purchased a further 17.84% stake in LEBC for aggregate consideration of £7.14m on 26 July 2017. Following the purchase, the Company has an aggregate shareholding of 60.88% 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.

In December 2017 the Group provided loan funding of £1.5m to LEBC for the £5m acquisition of Aspira, a Bristol-based advisory firm with 50 staff and nearly £0.5bn of funds under management. The acquisition completed on 6 February 2018, following confirmation from the FCA of Change of Control. The Aspira acquisition is expected to be earnings enhancing in the current year.

Follow-on Funding

Nexus Underwriting Management Ltd ("Nexus")

On 10 July 2017 the Group provided Nexus, in which it holds an 18.14% shareholding, with a £4m Loan Facility secured 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.

Disposals

Besso Insurance Group Ltd ("Besso")

The Group sold its entire 37.94% shareholding in Besso for cash to BGC Partners Inc ("BGC") on 28 February 2017, with the Group receiving £22m in cash (net of transaction costs and pre-tax and after adjustments) and producing an IRR of 21.9% since 1995, when the Group originally invested.

Trireme Insurance Group Ltd

The Group disposed of its 29.94% shareholding in Trireme for £2.96m cash, to its fellow shareholder U.S. Risk Midco, LLC ("US Risk") in April 2017. This disposal represents an IRR (including fees) of 15.6% since 2010, the date of investment.

Portfolio Update

CBC UK Ltd ("CBC")

Following the Group's investment in CBC in February 2017, CBC have reported unaudited revenue of £5.47 million and an EBITDA profit of £0.84m for the year ending 31 December 2017. This is an increase of £0.65m on their 2016 EBITDA profit of £0.19m.

LEBC Holdings Ltd ("LEBC")

LEBC Group Ltd, the trading subsidiary for LEBC, continues to deliver strong organic growth. Having finalised the 30 September 2017 year-end results it has declared a turnover of £18.1m and a trading profit of £3m for the year. This represents an increase on the 2016 results of 17.5% on turnover (2016 £15.4m) and 42.8% on trading profit (2016 £2.1m). Currently, on a like for like basis, LEBC is trading significantly ahead of last year and budget.

Mark Edward Partners LLC ("MEP")

Following the Group's investment in MEP, which completed in October 2017, MEP reported a strong end to the financial year ending 31 December 2017.

Nexus Underwriting Management Ltd ("Nexus")

Nexus has undertaken a number of acquisitions in the Group's financial year to 31 January 2018, including Vectura Underwriting, Equinox Global, Zon Re Accident Reinsurance and Credit Risk Solutions.

By way of background, since the Company's investment in 2014, Nexus has grown its Gross Written Premium from £56m in 2014 to £132m in 2017. In the same period, commission income has increased from £12.3m to £23.5m in 2017 and EBITDA has increased from £2.6m to an estimated £10m in 2017. The 2017 figures included above are on an unaudited basis.

On 19 January 2018 Nexus announced that it had appointed Mike Sibthorpe as CEO of Insurance and Reinsurance with effect from April 2018, as part of a wider management restructure. Mike Sibthorpe was previously Chief Underwriting Officer for Amtrust at Lloyd's.

Nexus also announced that it is considering the options available for future development including a potential shareholder liquidity event.

Walsingham Motor Insurance Ltd ("Walsingham")

Walsingham, the specialist fleet motor insurance underwriting agency, continues to perform well, having delivered its best year's results to 30 September 2017. Garry Watson, CEO of Walsingham, commented " I am delighted that Walsingham has reported a second, consecutive successful year. We now have an excellent platform to sustain further growth while ensuring we provide both our capacity and our investors with a good return on their faith and investment during our early, challenging years."

XPT Group LLC ("XPT")

In the seven months since the Group's investment XPT has made two acquisitions: Western Security Surplus Insurance Brokers Inc, a Texas-based wholesale broker and managing general agency, and W.E. Love & Associates Inc, a North Carolina based managing general agency.

XPT has a strong pipeline of further acquisition opportunities under consideration.

Dividend

In recognition of the Group's progress during the year, the Board has recommended an increase in the dividend of 1p per share, to 4.76 pence per share (£1.4m) for the financial year ending 31 January 2018, payable in July 2018.

This is an increase of 27% over the dividend of 3.76p per share (£1.1m) paid in respect of the prior year.

The Board continues to strike a balance between investing cash into new opportunities for long-term capital growth and providing shareholders with a meaningful and sustainable yield.

Share Buy-Backs

The Board has a stated policy, regularly reviewed, of undertaking low volume share buy-backs at times when the Group's Share Price represents a 25% or more discount to Net Asset Value. The Board considers this is a useful stabilising mechanism during periods of market or share price volatility.

Substantial Shareholding Exemption ("SSE")

Finance (No.2) Act 2017 has introduced significant changes to the SSE rules in Taxation of Chargeable Gains Act 1992 Sch. 7AC which applies to share disposals on or after 1 April 2017. In general terms, the rule changes relax the conditions for a company such as B.P. Marsh to qualify for SSE on a share disposal.

Having reviewed our current investment portfolio, we consider that the Group should benefit from this reform to the SSE rules and, as a result, we would anticipate that on a disposal of shares in our current investments, so long as the shares have been held for 12 months, they should qualify for SSE and no corporation tax charge should arise on the disposal.

As such, and having assessed the current portfolio, we anticipate that there should currently be no requirement to provide for deferred tax (£4.9m provision as at 31 July 2017) in respect of unrealised gains on those investments under the current requirements of the International Financial Reporting Standards ("IFRS"). This is subject to audit and continual assessment of each investment to test whether the SSE conditions continue to be met based on information that is available to the Group and that there is no change to the accounting treatment in this regard under IFRS. It should also be noted that, until the date of the actual disposal, it will not be possible to ascertain if all the SSE conditions are likely to have been met and, moreover, obtaining agreement of the tax position with HM Revenue & Customs may possibly not be for forthcoming until several years after the end of a period of accounts.

Given the flexible and dynamic nature of the Group's investment strategy this does not imply that the Group will only make investment decisions based upon the SSE rules going forwards, although this will form part of the overall investment proposition.

Removal of this provision will create a one-off credit of £4.9m within Income Taxes and therefore will increase the Group's Total Comprehensive Income for the year ended 31 January 2018 and the Group's Net Asset Value at the year end accordingly.

New Business Opportunities and Outlook

The financial year closed with a total of 77 new opportunities having been presented to the Group during the year, in comparison with 84 and 71 in preceding years. Of the 77, the majority were in the insurance sector, with 41 insurance intermediary enquiries, or 53%.

Four new investments were made during the year, two in the U.S. and two in London. During the year six opportunities from the pipeline were referred on to portfolio companies as potential bolt-ons.

The Group's model of making minority equity investments in financial services intermediary businesses with a partnership approach and a long-term view continues to drive in attractive opportunities. The recent investments in the U.S. have ensured that the portfolio now has geographic representation in the UK, Europe, U.S., Singapore, Australia, Canada and South Africa, which the Group believes represents a solid international framework and makes it well-positioned to take advantage of global economic growth.

Cash Balance

At 31 January 2018 the cash balance was £5.4m, with £3.4m uncommitted pre-dividend cash.

Full Year Results

The Group expects to report the results for the year to 31 January 2018 on Tuesday 12 June 2018.