

Date: 5th September 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

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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 2018.

Highlights

- Placing and Open Offer completed
- PSC Insurance Group Limited a new 19.6% investor
- £17m cash raised (before costs)
- New investment in ATC Insurance Solutions PTY Limited
- Strong opportunity pipeline
- £14.5m net cash available

In July 2018 the Group completed a successful Placing and Open Offer, as a result of which a new investor, PSC Insurance Group Limited (“PSC”) (via its subsidiary PSC UK PTY Limited) became a 19.6% shareholder in the Company and delivered £17m in cash (before expenses) to the Company.

The completion of this transaction represents the beginning of a new phase of development for the Company, having passed the £100m market capitalisation level for the first time and re-ordered the shareholder base, with Brian Marsh’s holding having reduced to 44%, and with healthy cash reserves for developing the portfolio and for new opportunities. The Group is encouraged to have a new substantial shareholder that understands its business and with which there are possibilities for future joint working.

The Company’s investment portfolio is increasingly geographically diverse with strong performers and the pipeline continues to deliver sound investment opportunities. The management team is committed to growing the Company’s existing portfolio as well as continuing to invest in early stage financial services intermediary businesses with the aim of becoming the capital provider of choice for the sector and delivering value to the Company’s shareholders.

New Investment

Investment in ATC Insurance Solutions PTY Limited (“ATC”)

On 10 July 2018 the Group announced an investment into the Australian based company ATC, taking a 20% equity stake for a total cash consideration of AUD \$5m (£2.8m).

ATC is a Managing General Agency which provides insurance underwriting services to a wide array of clients across a number of sectors, including Accident & Health, Construction & Engineering, Plant & Equipment and Sports Liability.

Chief Executive Officer, Chris Anderson and Director, Shane Sheppard established ATC as a Lloyd's Coverholder in 2009. ATC is headquartered in Melbourne, with offices in Sydney and Brisbane, employing more than 30 people.

For the year ended 30 June 2017, ATC reported Gross Written Premium of AUD \$47m. The budget for the year ending 30 June 2018 demonstrates substantial year on year growth for ATC, with expected Gross Written Premium of circa AUD \$60m.

Portfolio Developments

Specific developments within the portfolio during the period are noted below:

CBC UK Limited ("CBC")

On 2 July 2018 CBC completed the 100% acquisition of PBS Insurance Limited ("PBS"). PBS is a general insurance broker based in Jersey. As part of the transaction, Si Aziz, the Managing Director of PBS, subscribed for a shareholding in Paladin Holdings Limited, CBC's parent company, in which B.P. Marsh holds a c. 45% shareholding.

The transaction is an important development for CBC, being its first acquisition since the investment by B.P. Marsh in February 2017 and expansion into a new territory with the resulting opportunities this should bring.

CBC's audited accounts for the financial year ended 31 December 2017, the first year following the Management Buy-Out backed by the Group, report revenue of £5.4m and profit before tax of £0.7m, an increase in profit before tax over the previous year of £0.7m.

CBC is actively seeking individuals or teams that would complement the existing business, to further its growth ambitions.

EC3 Brokers Limited ("EC3")

Since the Group's investment, in December 2017, EC3 has seen continued profitability.

Management are reviewing a number of opportune personnel and team hires and M&A activity in order to bring about substantial growth.

LEBC Group Limited ("LEBC")

LEBC announced strong half-year results for the six-month period to 31 March 2018, with revenue growth of 20.7% from £8.5m last year to £10.2m. Trading profit grew by 95.3% from £1.2m to £2.4m.

Demographic changes, with increasing numbers of people in retirement, coupled with Pensions Freedom legislation have ensured that LEBC has seen increased demand for its services, whilst the firm has invested in technology and a new operating model to increase the efficiency of its face-to-face advice.

LEBC has won several awards during the summer awards season, with LEBC winning the Best Pension Adviser category of the Corporate Adviser Awards on 3 July 2018, and LEBC's the Retirement Adviser

winning the Money Marketing Awards Best Retirement Adviser in June 2018 and Best Use of Technology by a Corporate Adviser at the Corporate Adviser Awards.

Nexus Underwriting Management Limited (“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.

Since the Company's investment in 2014, Nexus has grown its Gross Written Premium from £56m in 2014 to £175m 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 £10m in 2017.

In April 2018, Nexus was ranked at number 91 in the 19th annual Sunday Times BDO Profit Track 100, a league table which ranks Britain's 100 private companies with the fastest-growing profits over their latest three years.

Walsingham Motor Insurance Limited (“Walsingham”)

Walsingham, the London-based fleet MGA, continued its strong growth, reporting a 20% increase in revenues from £2.2m to £2.6m, and an increase in profit before tax from £0.1m to £0.5m in the year to 30 September 2017.

Garry Watson, Walsingham's CEO, stated “The company continues to make excellent progress as we build on relationships with brokers, emphasising the benefits of using A rated paper.”

Sterling Insurance (PTY) Ltd (“Sterling”) & MB Prestige Holdings (PTY) Ltd (“MB”)

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

Since the Group's investment in 2012, MB has continued to show strong growth year on year with 2017 being MB's best year from a performance standpoint to date.

Sterling, in which the Group has held an investment since 2013, also reported a strong financial year to June 2018, exceeding its EBITDA budget by c. 42%.

XPT Group LLC (“XPT”)

Since the Group's investment in June 2017, 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 been working towards bedding in these acquisitions and has a strong pipeline of further opportunities it is assessing currently.

Net Asset Value post-Placing and Open Offer

Following completion of the Placing and Open Offer on 9 July 2018, the Group notified the market on 23 July 2018 of its adjusted NAV of 321p per share.

This is based on the previously announced NAV as at 31 January 2018, plus the net funds raised from the recently announced Placing and Open Offer and the resultant enlarged Issued Share Capital. It is to be noted that this Issued Share Capital figure excludes the 1,461,302 shares held under the Joint Share

Ownership Plan arrangements (announced on 13 June 2018) as these are currently non-dilutive. It also excludes any investment portfolio movement since 31 January 2018.

Share Buy-Backs

The Group reconfirmed its Share Buy-Back policy on 24 July 2018, following the authority conferred by the Company's shareholders at the annual general meeting held on 18 July 2018.

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 20%. The adjusted NAV of 321p, as above, will be used for this calculation. The suitability of the 20% threshold is regularly monitored by the Board.

The Group intends Buy-Backs to be used as a stabilising mechanism and this has been particularly useful during periods of market instability. During the period of six months to 31 July 2018 the Group undertook no Buy-Back transactions.

Dividend

The Board aims to find a balance between utilising cash to invest in the existing portfolio and new opportunities, with providing investors with a sustainable yield. It is the Board's aspiration to continue to maintain a dividend of at least 4.76p per share for the year ending 31 January 2019, subject to ongoing review and approval by the Board and the Shareholders.

Director Appointments to the board of B.P. Marsh & Company Limited

The Board is pleased to announce the appointment of three of its current team to the board of its operating subsidiary B.P. Marsh & Company Limited. Oliver Bogue, Investment Director, and Abigail Barber, Investment Associate, of the Investment Department and Francesca Lowley, Group Management Accountant, of the Finance Department were appointed as Directors on 14 June 2018.

These appointments are in recognition of the increased responsibilities and influence Oliver, Abigail and Francesca have demonstrated to the Group. They have also each been appointed to the Company's Investment Committee.

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.

The Managing General Agency sub-sector continues to produce a strong pipeline of good potential opportunities, both in the UK and internationally.

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 investment portfolio now has geographic representation in the UK, Europe, U.S.A., 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. The Group anticipates no adverse consequences to its existing business from the withdrawal of the United Kingdom from the European Union

Cash Balance

The net cash available for investment after provision for tax and investment commitments currently stands at £14.5m.

Interim Results

The Group expects to report the results for the six months to 31 July 2018 on Tuesday 16 October 2018.

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Notes to Editors:

About B.P. Marsh & Partners Plc

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

Since formation over 25 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 five 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.

Alice Foulk joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman's Office and established herself as a central part of the management team.

In February 2015 she was appointed as a Director of B.P. Marsh and a member of the Investment Committee. In January 2016 Alice was appointed Managing Director of B.P. Marsh.

In her position as Managing Director, Alice is responsible for the overall performance of the Company and monitoring the Company's overall progress towards achieving the objectives and goals of the Company, as set by the Board.

Dan Topping is the Chief Investment Officer of B.P. Marsh, having been appointed as a Director in 2011. He joined the Company in February 2007, following two years at an

independent London accountancy practice. Dan is the Senior Executive with overall responsibility for the portfolio and investment strategy of B.P. Marsh.

Dan graduated from the University of Durham in 2005 and is a member of the Securities and Investment Institute and the Institute of Chartered Secretaries and Administrators.

Dan is a standing member of the B.P. Marsh Investment and Valuation Committees and currently serves as a Board Director across the portfolio.

Camilla Kenyon (Millie) was appointed to the main Board in 2011, following her appointment as Head of Investor Relations in 2009. She has dual responsibilities within the Group, running both Investor Relations and the New Business Department and is Chair of the New Business Committee evaluating new investment opportunities.

Millie is nominee director in one investee company and is a member of the Investment Committee. She has over 20 years of experience in the financial services industry, including numerous Board appointments and is a Member of the Investor Relations Society.

Jonathan Newman is a Chartered Management Accountant and is the Group Director of Finance and has over 20 years' experience in the financial services industry. Jon graduated from the University of Sheffield with an honours degree in Business Studies and joined the Group in November 1999, following two years at Euler Trade Indemnity and two years at a Chartered Accountants. Jon is a Member of the Chartered Global Management Accountants, the Chartered Management Accountants and the Chartered Institute of Securities and Investment.

Jon was appointed a Director of B.P. Marsh & Company Limited in September 2001, and Group Finance Director in December 2003 and was instrumental in the admission of the Group to AIM in February 2006. Jon is a member of the B.P. Marsh Investment and Valuation Committees and currently serves as a Board Director for Walsingham Motor Insurance Limited, and provides senior financial support and advice to all companies within the Group's portfolio as well as evaluating new investment opportunities.