

B.P. Marsh & Partners Plc ("B.P. Marsh", the "Company" or the "Group")

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 for the year ended 31st January 2014.

The final quarter of the financial year saw the completion of three transactions, as follows:

Investment Activity

New Investments

MB Prestige Holdings PTY Ltd ("MB Group")

The Group acquired a 40% equity position in MB Group on 17th December 2013, for AU\$0.8m.

MB Group is a Managing General Agent (MGA), headquartered in Sydney, Australia and is recognised as a market leader in respect of prestige motor vehicle insurance in Australia.

B.P. Marsh partnered with MB Group's management team to buy out an existing shareholder, delivering a 60% shareholding to MB Group's management team and 40% to B. P. Marsh. In addition to the equity investment, B.P. Marsh provided loan funding of AU\$1.4m.

Bob Lee, Chairman of MB Group, commented; "Having a successful international investor in B.P. Marsh join our Company is an exciting opportunity. Their vast experience and insurance connections, will assist the MB Group team in profitably growing the business. We are looking forward to working with Brian Marsh and his team in this exciting phase of MB Group's development."

Bob Lee, has a 40 year track record in the industry and was formerly CEO of Stardex Insurance Group, which under his leadership became the largest independently owned underwriting agency in Australia and New Zealand, and previously held senior roles with RSA and AMP.

Walsingham Motor Insurance Ltd ("Walsingham")

The Group acquired a 30% stake in Walsingham, a new specialist UK MGA operating in niche motor insurance markets, for a consideration of £300,000 on 3rd December 2013.

The management team has a proven track record in starting and growing MGA businesses. The team also has considerable underwriting expertise, along with long-term experience of the motor insurance sector. Walsingham commenced trading in July 2013 having secured primary capacity from Calpe, a subsidiary of TransRe, a leading international reinsurer.

In addition to the equity investment, B.P. Marsh provided loan funding of £1m on completion and has agreed, subject to certain conditions, additional loan funding of up to £200,000.

Martin Gray, Chairman of Walsingham, commented; "Walsingham is a motor insurance MGA with the objective to deliver a top quality level of service supported by efficient and

responsive systems, providing a dynamic interface between the various stakeholders with a seamless process.

The core philosophy is to be very efficient and cost conscious to ensure there is not pressure to write for income, but that the enterprise is totally profit focussed.”

Additional Investments

LEBC Holdings Ltd (“LEBC”)

On 31st January 2014, the Group acquired an additional 12.02% stake in LEBC from an exiting shareholder, for a cash consideration of £1m. LEBC’s Employee Benefit Trust also acquired a further 12.02%, for a cash consideration of £1m, provided by the Group by means of a loan facility for the entire amount.

The Group’s stake in LEBC has increased from 22.89% to 34.91%. Commenting on the transaction, Jack McVitie, Chief Executive of LEBC, stated: “This transaction marks a new stage in the growth and development of LEBC. I look forward to working with my management team in company with B.P. Marsh to achieve continued success in the future.”

Portfolio news

Besso Insurance Group Ltd (“Besso”)

Colin Bird, Executive Chairman of Besso, commented on current market activity; “The market still remains competitive, and there is massive interest from overseas investors to become involved in Lloyd’s. From Besso’s point of view we see all this as an opportunity. We expect underwriters, whilst doing their job properly, will be more receptive to fresh ideas, broadening of coverages and generally being more flexible.”

Today, Besso have announced the appointment of Samantha Hovey as Chief Financial Officer. Samantha Hovey joins Besso from Cooper Gay where she was Chief Financial Officer. Other previous roles include positions at HSBC Insurance Brokers and Rattner McKenzie Ltd.

The Broucour Group Ltd (“Broucour”)

Broucour, through its two trading subsidiaries Turner Butler Ltd and Amberglobe Ltd, has successfully assisted on the completion of 76 deals for a total consideration of approx. £13m in the nine month period from May 2013. Despite the tough trading environment for business sales agencies in the UK, Broucour has demonstrated that with a professional and focused approach a profitable return can be achieved. The Group has a 49% holding in Broucour.

MB Prestige Holdings PTY Ltd (“MB Group”)

Since investment, MB Group has successfully closed out the 2013 financial year in line with the Group’s expectations.

MB Group continues to build upon their successful underwriting arrangement with QBE, and maintain a pleasing underwriting performance.

MB Group recently took over the underwriting portfolio of another company in their sector and are in discussions as regards a potential acquisition of a complementary business operating throughout Western Australia. This is in line with the plans set out by MB Group at the time of our investment.

B.P. Marsh continues to work with MB Group to further develop profitable lines of business within the Australian market through access to domestic and international insurance capacity.

Hyperion Insurance Group Ltd (“Hyperion”)

Hyperion, in which the Group has a 2.81% stake, has announced its results for the year to 30th September 2013. Total revenue from continuing operations was up 51% to £166.6m, contributing to a compound annual growth rate of 35% over the past five years. EBITDA (before non-recurring and acquisition costs and discontinued operations) increased 74% to £35.9m, contributing to a compound annual growth rate of 41% over the past five years. The 2013 results reflected the acquisition of Windsor Insurance Brokers Ltd.

New Business Opportunities

The Group has seen a strong flow of new business opportunities within its heartland of interest and is continuing discussion on a number of these. It is expected that the inflow of opportunities will remain robust as economic conditions continue to demonstrate improvement.

Outlook

The general mood is one of increasing optimism, demonstrated by Deloitte’s CFO Survey of Q4 2013, in which a record 57% of CFOs say this is a good time to take risk and business optimism is running at the highest level in three-and-a-half years.

The insurance market remains competitive, providing opportunities for companies willing and ready to innovate, whilst delivering a high quality service.

Cash balance

At 31st January 2014 net cash available for investment after provision for tax and commitments was £8.5m.

Full year Results

The Group expects to report the results for the year to 31st January 2014 on 3rd June 2014.

For further information:

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Notes to Editors:

About B.P. Marsh & Partners Plc

B.P. Marsh's current portfolio contains twelve 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 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.

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, has a number of non-executive appointments over two investee companies 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 six 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 has a number of non-executive appointments over two investee companies, 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 our investee companies.

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