

B. P. MARSH & PARTNERS PLC

Date: 18th February 2015
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**

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 31st January 2015.

Investment Activity

New Investments

Bastion Reinsurance Brokerage (PTY) Limited ("Bastion")

In December 2014, the Group acquired a 35% Cumulative Preferred Ordinary shareholding in Bastion, a start-up Reinsurance Broker based in South Africa, for a total cash consideration of £0.1m.

In addition to the equity investment, B.P. Marsh provided Bastion with loan funding of £0.22m on completion and, subject to certain conditions, additional loan funding of up to £0.13m.

Bastion provides specialist reinsurance solutions to a number of insurance companies and managing general agents in Africa.

Ian Snowball, the Chairman of Bastion, has worked for various insurance and reinsurance businesses both in the South African and Lloyd's of London Markets and has a 30 year track record in the insurance industry with considerable experience in the mid-market insurance sector.

Bastion's CEO, Lance Brogden, also has wide-ranging experience in the South African reinsurance and financial services sectors, having worked for a number of insurance related and multinational organisations over the past 20 years.

Additional Investments

Summa Insurance Brokerage, S.L. (“Summa”)

In December 2014, the Group acquired a further 28.625% equity stake in Summa, the Spanish insurance broker consolidator, for a cash consideration of €1.25m, increasing the Group’s stake in Summa to 77.25%.

This was a commercially prudent opportunity to provide an exit for a non-strategically aligned third party shareholder which will allow Summa's management team to wholly focus on taking advantage of its strong position within the Spanish Insurance Market. The Group believes that this further acquisition will be value accretive and is in the best interests of Summa and the Company.

The Board of B.P. Marsh considers this additional stake as an exceptional holding. Our ongoing strategy remains to acquire minority equity stakes in early stage financial services businesses and remains unaltered. In respect of this exception, the Group has taken advantage of a new amendment to IFRS 10, which exempts an investment entity from having to consolidate a subsidiary, provided that no overall daily management control is exerted either operationally or at Board level, which has always been the mantra of B.P. Marsh.

For the year ended 31st December 2013, Summa reported revenues of €5.54m, with an EBITDA of €1.2m. Performance over 2014 has been encouraging, and with Summa undertaking substantial restructuring, performance has exceeded expectations given the still uncertain general economic circumstances in Spain.

For the first time since the beginning of its recession, Spain experienced four consecutive quarters of economic growth in 2014. The Board believes that Summa is well positioned in this stabilising market and looks forward to working with Summa's management team to bring about growth following this difficult period.

Portfolio news

LEBC Holdings Limited ("LEBC")

LEBC continues to perform well in the post Retail Distribution Review environment. Its trading subsidiary LEBC Group Limited has finalised its 30th September 2014 year-end results declaring a profit of £0.84m for the year, a 43.2% increase in profit over the year-ended 30th September 2013 (£0.59m).

The independent financial adviser firm, which has 14 branches across the United Kingdom, also increased turnover by 8.8%, from £11.29m in 2013 to £12.28m in 2014. LEBC is continuing this excellent momentum into 2015.

Nexus Underwriting Management Limited ("Nexus")

Nexus, one of the largest independent Specialty Managing General Agents in the London market and 12th largest MGA in the UK, continues to perform well following the Group's investment in August 2014.

Nexus CIFS Limited, a subsidiary of Nexus which specifically covers Trade Credit Insurance, has won the title of Credit Insurer of the Year 2015 at the Institute of Credit Management Awards.

This is the second time in three years that Nexus CIFS Limited has won this award and reflects Nexus CIFS Limited's well respected status within the market.

Hyperion Insurance Group Limited (“Hyperion”)

Hyperion, in which the Group has a 2.47% stake, has announced its results for the year to 30th September 2014. Total revenue was up 19% to £199.0m, whilst EBITDA (before non-recurring and acquisition costs and discontinued operations) increased 20% to £43.2m, being an EBITDA margin of 21.7%.

Dividend

For the financial year ended 31st January 2014 the Group declared and paid a dividend of 2.75p per share. This dividend was declared on 24th March 2014, received shareholder approval at the Group’s Annual General Meeting held on 23rd July 2014 and was paid on 25th July 2014 to Shareholders registered at the close of business on 27th June 2014.

It remains the Board's intention to maintain at least this level of dividend for the years ending 31st January 2015 and 31st January 2016, subject to ongoing review and approval by the Board and the Shareholders.

The shift towards a regular dividend stream is in recognition of the steady growth of the Group's investment portfolio, whilst also demonstrating that the Group is an attractive capital and income investment.

The Management team remains positive about the Group's ability to generate long term returns from the existing investment portfolio, alongside an interesting pipeline of new investment opportunities.

Strategy

As part of the Group’s efforts to reduce the discount to Net Asset Value, which the current Share Price represents, during the financial year the Group undertook a number of low volume daily share buybacks, taking advantage of the window of opportunity when the Group’s Share Price represented a significant discount to Net Asset Value.

Since 31st July 2014, the Group has acquired 63,000 shares for a total cash consideration of £82,450. Of the 63,000 shares, 59,040 are currently held in Treasury.

New Business Opportunities and Outlook

The Group has seen a regular flow of new business opportunities within its heartland of interest and is continuing discussions on a number of these. It is expected that the inflow of opportunities will remain robust given the continuing improving economic conditions over 2014, conditions which are expected to continue in 2015. Hopefully, prolonged improved economic activity will sustain current healthy business confidence, thereby encouraging further entrepreneurial behaviour.

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

Throughout 2014, and continuing into 2015, the Group has seen much M&A activity within the Lloyd’s Insurance Market itself.

Cash Balance

The net cash available for investment after provision for tax and commitments currently stands at £5.7m.

Full year Results

The Group expects to report the results for the year to 31st January 2015 on 2nd June 2015.

Bastion Reinsurance Brokerage (PTY) Limited

www.bastionre.co.za

In December 2014 the Group invested in Bastion Reinsurance Brokerage (PTY) Limited, a start-up Reinsurance Broker based in South Africa. Established in May 2013, by its CEO and Chairman, Bastion specialises in the provision of reinsurance solutions over a number of complex issues, engaged by various insurance companies and managing general agents.

Date of investment: December 2014

Equity stake: 35%

Besso Insurance Group Limited

www.besso.co.uk

In February 1995 the Group assisted a specialist team departing from insurance broker Jardine Lloyd Thompson Group in establishing Besso Holdings Limited. The company specialises in insurance broking for the North American wholesale market and changed its name to Besso Insurance Group Limited in June 2011.

Date of investment: February 1995

Equity stake: 37.9%

The Broucour Group Limited

www.turnerbutler.co.uk

In March 2008 the Group assisted in establishing Amberglobe, a business sales platform that provides valuation and negotiation services for the sale of SME businesses in the sub £3m sector. In July 2012 Broucour was formed as a new holding company for Amberglobe, and the Group financed the acquisition of Turner Butler.

Date of investment: March 2008

Equity stake: 49.0%

Hyperion Insurance Group Limited

www.hyperiongrp.com

The Group first invested in Hyperion in 1994. Hyperion owns, amongst other things, an insurance broker specialising in directors' and officers' ("D&O") and professional indemnity ("PI") insurance. In 1998 Hyperion set up an insurance managing general agency specialising in developing D&O and PI business in Europe. The Group sold 80% of its holding to General Atlantic in July 2013, with the remaining holding being valued at the agreed option price.

Date of investment: November 1994

Equity: 2.47%

LEBC Holdings Limited

www.lebc-group.com

In April 2007 the Group invested in LEBC, an Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas.

Date of investment: April 2007

Equity stake: 34.9%

MB Prestige Holdings (PTY) Limited

www.mbinsurance.com.au

In December 2013 the Group invested in MB Prestige Holdings (PTY) Ltd, the parent Company of MB Insurance Group (PTY) a Managing General Agent, headquartered in Sydney, Australia. MB Group is recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia.

Date of investment: December 2013

Equity stake: 40.0%

Nexus Underwriting Management Limited

www.nexusunderwriting.com

In August 2014 the Group invested in Nexus Underwriting Management Limited (“Nexus”), the independent specialty Managing General Agency, founded in 2008. Through its two operating subsidiaries, Nexus Underwriting Limited and Nexus CIFS Limited, Nexus specialises in Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health and Trade Credit Insurance.

Date of investment: August 2014

Equity stake: 5.0%

Randall & Quilter Investment Holdings plc

www.rqih.com

Randall & Quilter Investment Holdings is an AIM listed run-off management service provider and acquirer of solvent insurance companies in run-off. The Group invested in Randall & Quilter in January 2010, the result of a share exchange with the Group's shareholding in JMD Specialist Insurance Services Group Limited, which Randall & Quilter wholly acquired.

Date of investment: January 2010

Equity stake: 1.3%

Sterling Insurance (PTY) Limited

www.sterlinginsurance.com.au

In June 2013, in a joint venture enterprise alongside Besso, the Group invested in Sterling Insurance (PTY) Limited, an Australian specialist underwriting agency offering a range of insurance solutions within the Liability sector, specialising in niche markets including mining, construction and demolition.

Date of investment: June 2013

Equity stake: 19.7%

Summa Insurance Brokerage, S. L.

www.grupo-summa.com

In January 2005 the Group provided finance to a Madrid-based Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain. Through acquisition Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining thereby increasing overall value.

Date of investment: January 2005

Equity stake: 77.25%

Trireme Insurance Group Limited

(www.oxfordinsurancebrokers.co.uk)

(www.jhinternational.co.uk)

In June 2010 the Group invested in Trireme Insurance Group Limited (formerly known as US Risk (UK) Ltd). This company is the sole shareholder of Oxford Insurance Brokers, an insurance broking business, specializing in professional indemnity cover and James Hampden International Insurance Brokers, a specialist international reinsurance and insurance broking company.

Date of investment: July 2010

Equity stake: 29.3%

Walsingham Motor Insurance Limited

(www.walsinghamunderwriting.com)

In December 2013 the Group invested in Walsingham Motor Insurance Limited, a new niche UK Motor Managing General Agency. Walsingham was established in August 2012 and commenced trading in July 2013 having secured primary capacity from Calpe.

Date of investment: December 2013

Equity stake: 30.0%

For further information:

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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 17 years' experience in the financial services industry. Jonathan advises

investee companies and has a number of non-executive appointments over three 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 seven 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.

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 in December 2014 was appointed interim Head of New Business.

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