



B . P . M A R S H
E P A R T N E R S P L C

Year End Results
For the year ending
31 January 2020

Dan Topping, Chief Investment Officer
Jonathan Newman, Group Finance Director

9 June 2020

Overview



Specialist

PE/VC investor in Financial Services intermediaries

25+

Years strong

Invested in 52 companies since 1990



17 Investments

Geographically diverse within our specialist sector



Up to £5m investment

For minority equity positions (20-40%)



Long-term view

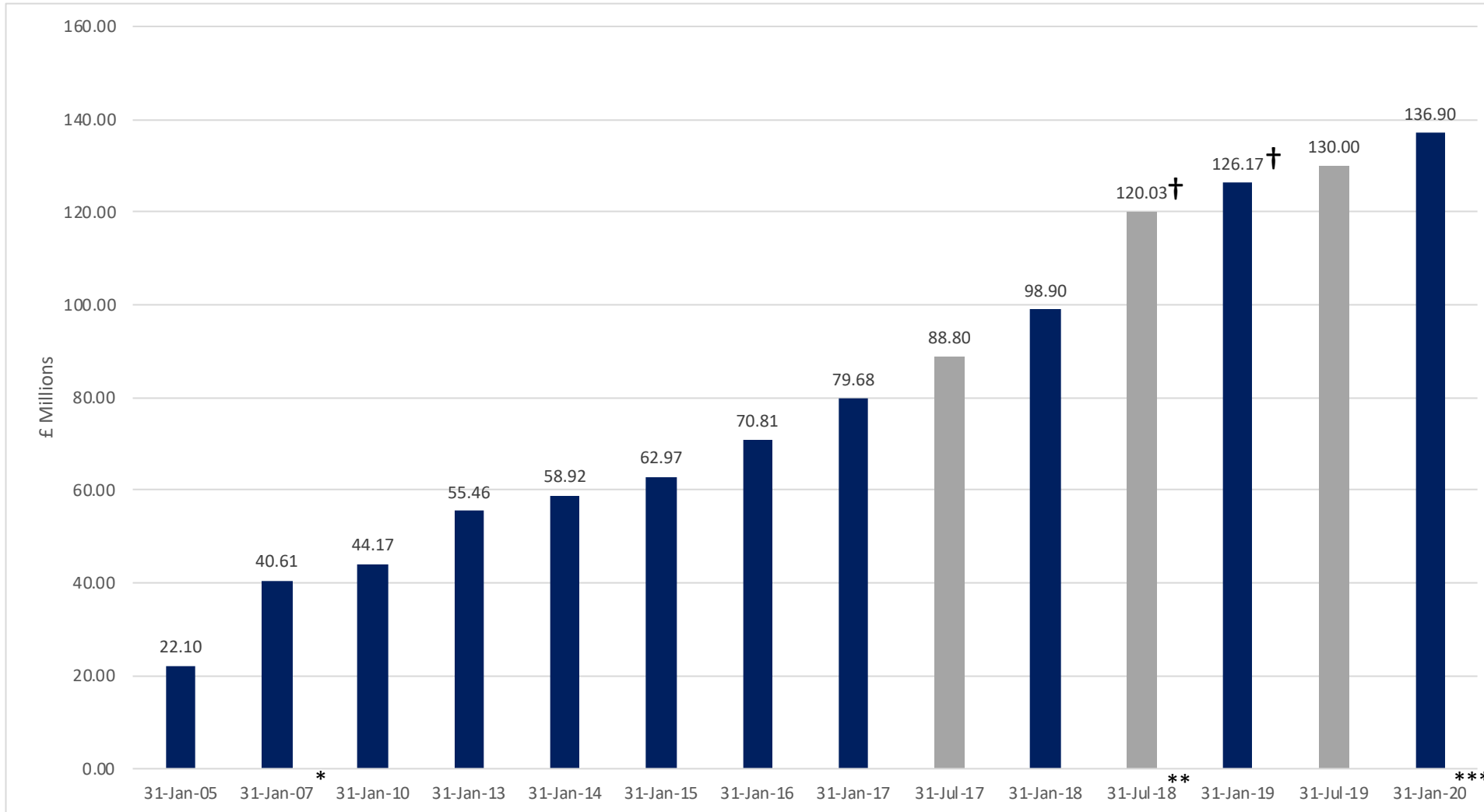
Partnership approach to investment and mutually agreed exit route, maximising value
Average holding period of 6.7 years



Industry knowledge

Significant, specialist experience and deep sector knowledge acquired across several decades

Performance: Net Asset Value (NAV)



■ Full Year
 ■ Half Year

*NB: The valuation at 31 January 2007 includes **£10.1m** net proceeds raised on AIM

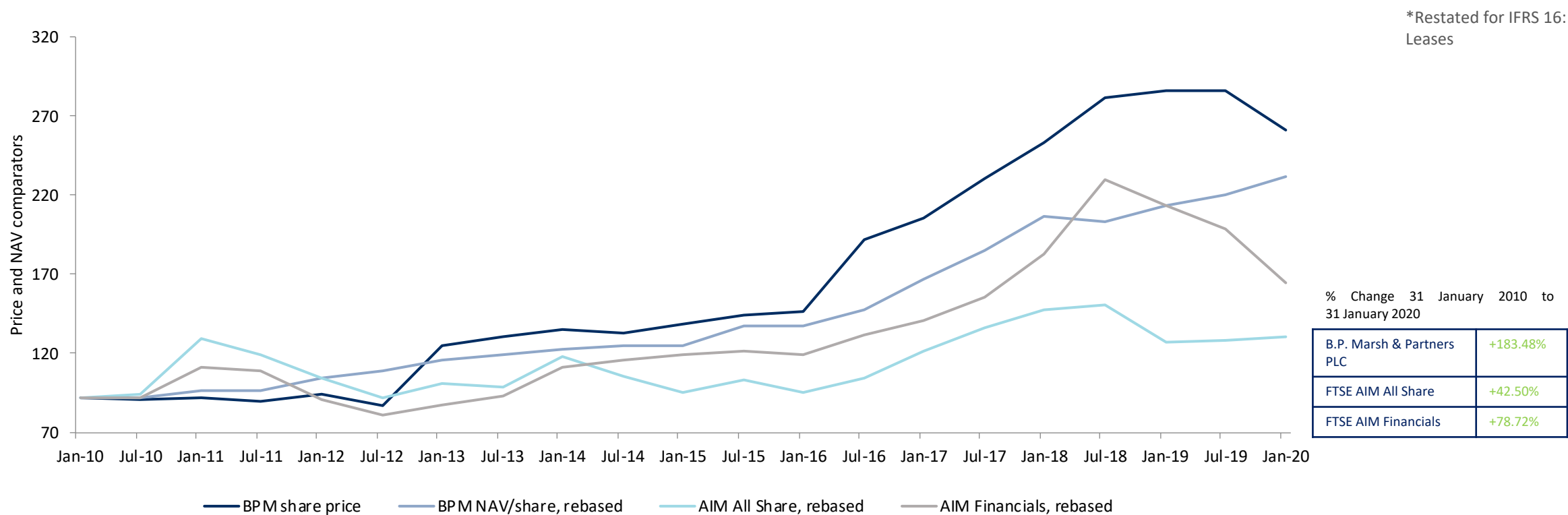
NB: The valuations from and including 31 July 2018 include **£16.6m net proceeds raised in the July 2018 Share Placing and Open Offer

*** NB: The valuation at 31 January 2020 does not take account of any potential impact of Covid-19

† Restated for IFRS 16: Leases

2020 Summary – Year Ending 31 January 2020

- As at 31 January 2020 – 17 investments in portfolio with a NAV of **£136.9m** (31 January 2019 **£126.2m***)
- Total Shareholder return of **9.8%** for the period to 31 January 2020, including the dividend paid in July 2019
- Dividend of **2.22p** per share declared for the year ended 31 January 2020
- Increase in Equity Portfolio Value of **11.1%** in year to 31 January 2020 to **£115.7m**
- Loan Book value of **£18.8m**
- **£0.8m** cash and **£3m** loan facility



Outlook & Covid-19 Impact

- The Group believes the portfolio and the management teams within it are well set to **continue to deliver excellent long-term growth to their shareholders**
- There is **continued demand** from the wider private equity market for financial services and intermediated investments which provide exit opportunities for our portfolio companies
- Since the Covid-19 outbreak began, the Group has continued to work with and support each investee company
- The Group has worked with respective management teams to put in place appropriate arrangements to ensure that all investee companies have robust response plans
- The Group continues to monitor the effects of Covid-19 on the insurance industry as a whole, as well as changes to the domestic and global economic outlook

International Portfolio

Summa Insurance Brokerage S.L.

Stewart Specialty Risk
Underwriting Ltd

Mark Edward Partners LLC

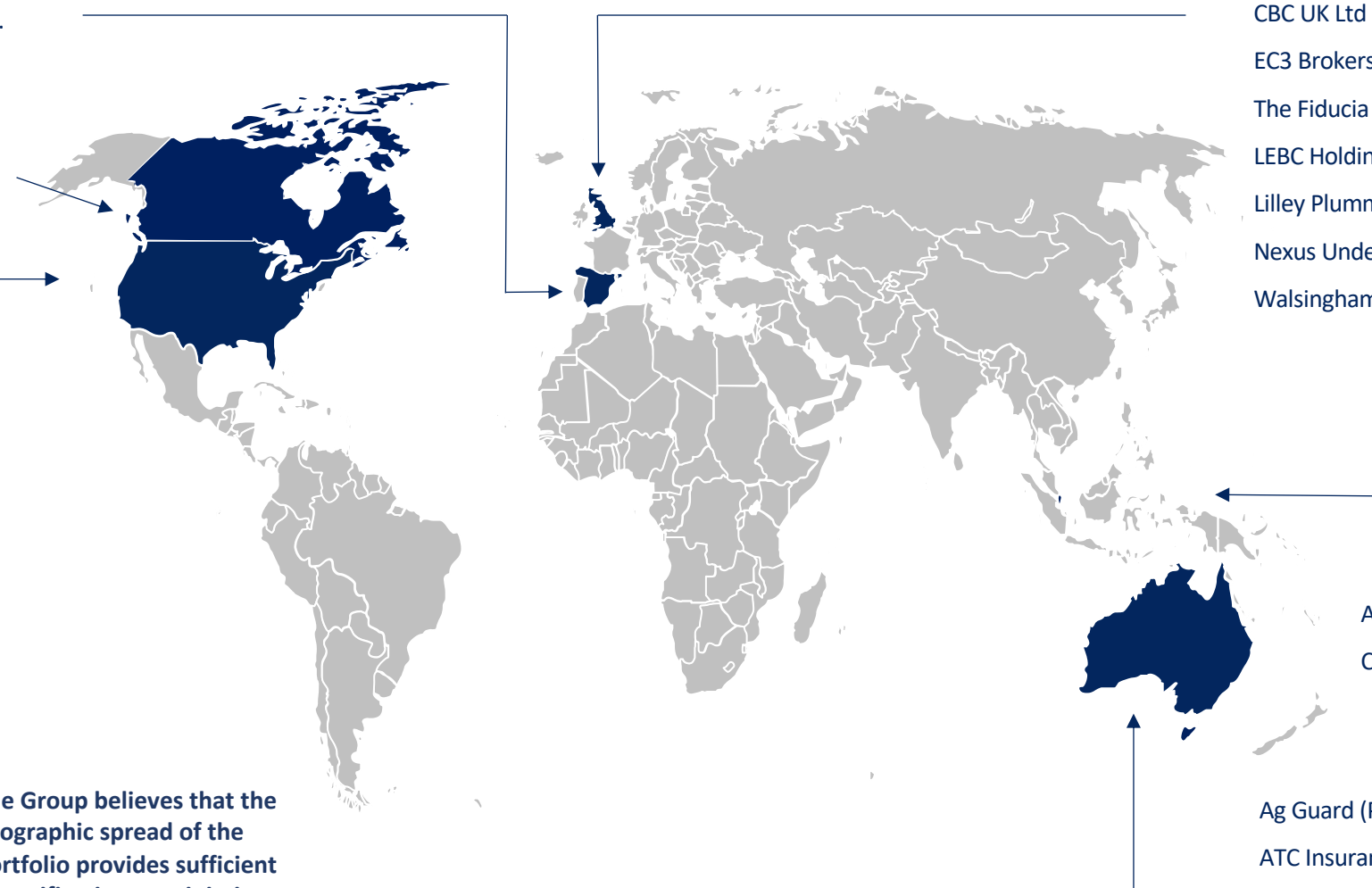
XPT Group LLC

B.P. Marsh's international strategy is focused on areas where we see:

- Sufficient opportunity for business development in partnership with a London-based investor
- A suitably developed regulatory and compliance environment

Approximately 57% of our investee companies' revenue originates overseas

The Group believes that the geographic spread of the portfolio provides sufficient diversification to minimise any impact of specific country risk



CBC UK Ltd

EC3 Brokers Ltd

The Fiducia MGA Company Ltd

LEBC Holdings Ltd

Lilley Plummer Risks Ltd

Nexus Underwriting Management Ltd

Walsingham Motor Insurance Ltd

Asia Reinsurance Brokers Pte Ltd

Criterion Underwriting Pte Ltd

Ag Guard (PTY) Limited

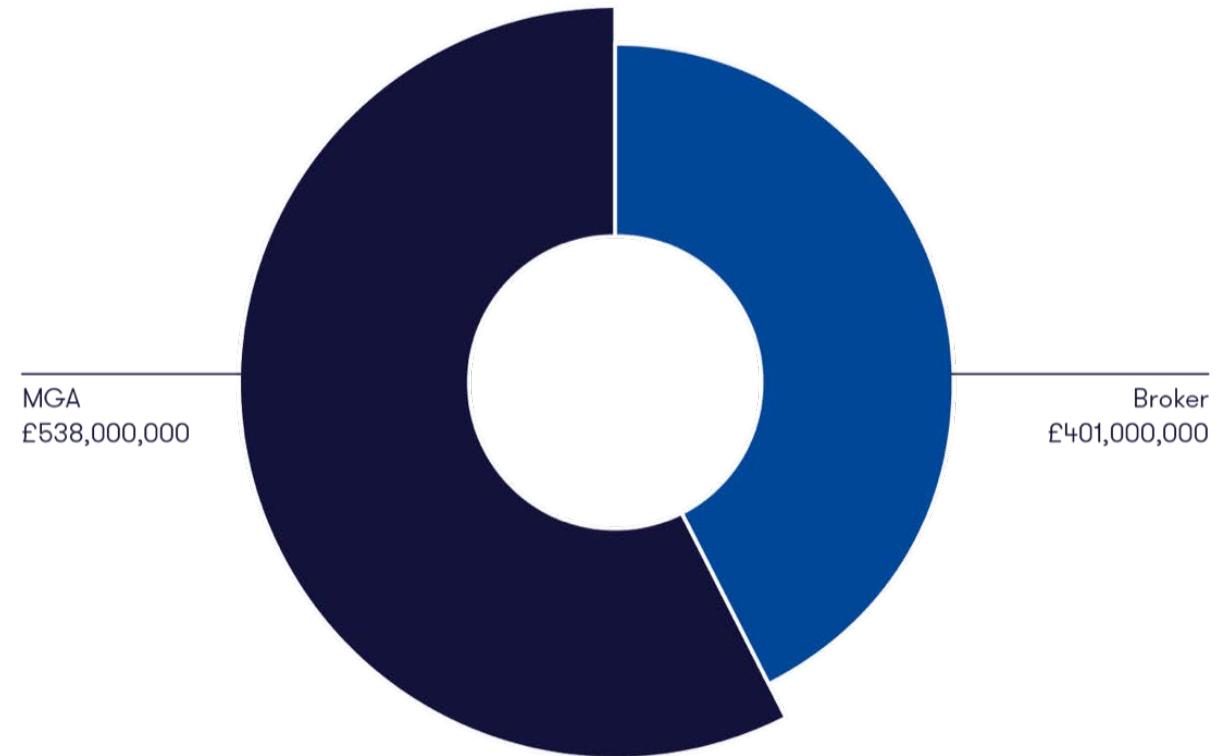
ATC Insurance Solutions (PTY) Ltd

MB Prestige Holdings (PTY) Ltd

Sterling Insurance (PTY) Ltd

Insurance Intermediary Overview

- The Group's **insurance intermediary** portfolio produced **£939m** (over **US\$ 1bn**) of **insurance premium** ("GWP") in 2019, of which:
 - The Group's **Broking investments** placed over **£400m** of GWP, producing over **£32m of commission income** in 2019, accessing specialty markets around the world
 - The Group's **Managing General Agencies ("MGAs")** produced **GWP of £538m** and **£62m of commission income** in 2019, across **28 product areas**, on behalf of **50 insurers**



Overview – Broking Investments

- Since inception, much of the Group’s growth has been underpinned by a successful track record of investing in Brokers, both in the Lloyd’s and London market, as well as internationally
- The Group’s **6 Broking investments** placed over **£400m** of GWP in 2019
- This produced over **£32m of commission income** in 2019, accessing specialty markets around the world
- The majority of the Group’s current broking investments are relatively recent, having occurred over the past 5 years, but we see strong opportunities for these investments to develop further as part of our long-term investment strategy

£'000s					
Broking Investments	Jurisdiction	Equity As at 31 Jan 2020	Valuation 31st Jan 2020	Cost of Investment	% of Net Asset Value 31st Jan 2020
CBC UK Limited	UK	38.2%	7,150	4	6%
Summa Insurance Brokerage, S. L	Spain	77.3%	6,120	6,096	5%
EC3 Brokers Limited	UK	20.0%	5,288	5,000	5%
Lilley Plummer Risks Limited	UK	30.0%	1,317	1,000	1%
Asia Reinsurance Brokers Pte Limited	Singapore	25.0%	830	1,551	1%
Mark Edward Partners LLC	USA	30.0%	0	4,573	0%

Overview - Managing General Agencies (“MGAs”)

- The Group’s 9 MGAs produced **GWP of £538m in 2019**
- This produced over **£62m of commission income in 2019**
- The Group’s MGAs operate across **28** product areas, on behalf of **50** insurers
- These MGAs focus on profitable underwriting, and in a market where access to insurer capital is restricted, all the Group’s investments maintain the continued support of their insurer partners for 2019 into 2020

£'000s					
MGA Investments	Jurisdiction	Equity As at 31 Jan 2020	Valuation 31st Jan 2020	Cost of Investment	% of Net Asset Value 31st Jan 2020
Nexus Underwriting Management Limited	UK	18.1%	40,045	11,126	35%
XPT Group LLC	USA	32.1%	10,951	7,330	9%
ATC Insurance Solutions PTY Limited	Australia	20.0%	6,329	2,865	6%
MB Prestige Holdings PTY Limited	Australia	40.0%	2,716	480	2%
Stewart Specialty Risk Underwriting Limited	Canada	30.0%	2,534	-	2%
Sterling Insurance PTY Limited	Australia	19.7%	2,272	1,945	2%
Walsingham Motor Insurance Limited	UK	42.8%	2,103	600	2%
The Fiducia MGA Company Limited	UK	35.2%	1,691	228	1%
Ag Guard PTY Limited	Australia	36.0%	1,320	1,428	0%

Specific Activity in the Year - New Investment

- This opportunity was initially introduced to the Group by PSC Insurance Group Limited and provided an opportunity to add a further investment to B.P. Marsh's portfolio based in Australia
- Founding management team Alex Cohn and Ben Ko wanted a strategic partner to assist in the development of a new **MGA in the Australian agricultural sector**
- At investment, Ag Guard offered insurance products specialising in fire and hail damage to **Cotton and Broadacre crops**, backed by Munich Re
- Since B.P. Marsh's investment, Ag Guard has expanded its product offering, adding a **Farm Pack Programme**, akin to an 'all-risks' product for general farm insurance, also backed by Munich Re

On 12 July 2019 the Group invested **AU\$1.47m** in Agri Services Company PTY Limited, for a **36%** stake. Agri Services in turn acquired 100% of Ag Guard

In January 2020, coinciding with the launch of the Farm Pack Programme, B.P. Marsh paid a further **AU\$1.1m** deferred consideration payment



Ag Guard is a **Sydney** headquartered MGA founded in 2013 as an Insurance Broker that has converted into an MGA

Ag Guard specialises in providing insurance products to the Australian agricultural sector with insurance capacity provided by **Munich Re**

“

The investment in Agri Services sees B.P. Marsh backing a strong and experienced management team in a business that is capable of becoming a serious market player over the next 5 years. We look forward to helping them grow their business

”



Dan Topping, Chief Investment Officer & Ag Guard Board Member commented:

Specific Activity in the Year - New Investment

- B.P. Marsh sourced an opportunity to invest in a newly formed **specialist Marine Lloyd's broker**, based in London
- The investment made by B.P. Marsh is being used to finance the growth of the business within its specialist sector via the **hiring of other specialist brokers and broking teams**
- Lilley Plummer Risks is led by Stuart Lilley and Dan Plummer, who both have considerable experience in the London and International Marine market

On 21 October 2019, the Group invested **£1m** in Lilley Plummer Risks Limited, for a **30%** stake

Since B.P. Marsh's investment a number of **new hires** have been made, as part of the business plan



LILLEY PLUMMER RISKS
LIMITED

Dan Plummer had previously held senior positions at CR Marine & Aviation SRL, Windsor Partners LLP and Howden Insurance Brokers

Stuart Lilley had previously held senior positions at International Risk Solutions, FP Marine and Howden Insurance Brokers

“

I am pleased to complete our investment in Lilley Plummer to which we can bring our experience and market knowledge.

This is very much in our heartland of investing in an experienced, skilled and motivated Management Team. We are looking forward to working with Dan and Stuart to see them realise, and hopefully exceed, our joint goals

”

Dan Topping, Chief Investment Officer & Lilley Plummer Risk Board Member commented:

Investment Case Study



Since the Group's investment in Nexus in 2014, Gross Written Premium has grown from **£50m** and Nexus is expecting to achieve Gross Written Premium of **£344m** in 2020

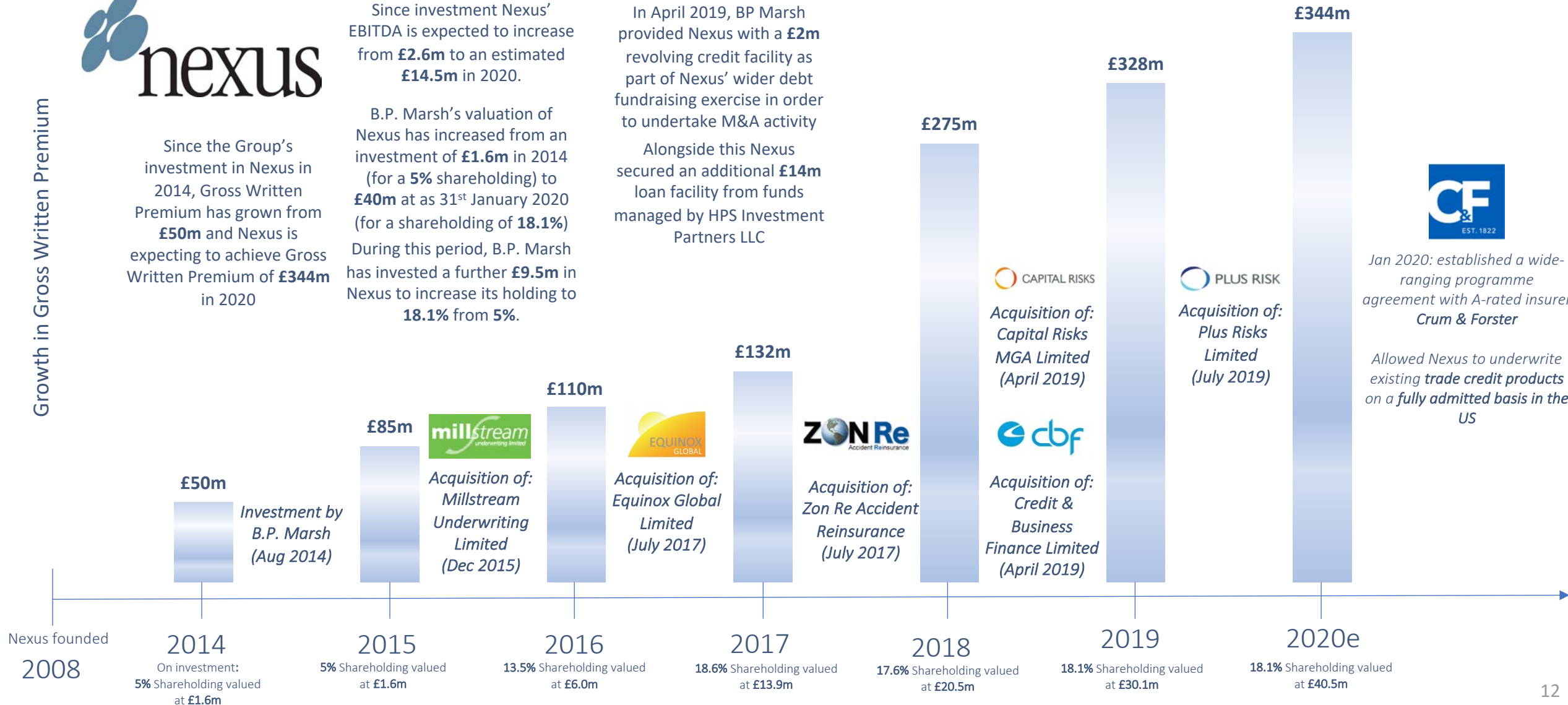
Since investment Nexus' EBITDA is expected to increase from **£2.6m** to an estimated **£14.5m** in 2020.

B.P. Marsh's valuation of Nexus has increased from an investment of **£1.6m** in 2014 (for a **5%** shareholding) to **£40m** at as 31st January 2020 (for a shareholding of **18.1%**) During this period, B.P. Marsh has invested a further **£9.5m** in Nexus to increase its holding to **18.1%** from 5%.

In April 2019, BP Marsh provided Nexus with a **£2m** revolving credit facility as part of Nexus' wider debt fundraising exercise in order to undertake M&A activity

Alongside this Nexus secured an additional **£14m** loan facility from funds managed by HPS Investment Partners LLC

Growth in Gross Written Premium



Portfolio Company Highlight - XPT

- Since investment, XPT has made numerous acquisitions, providing it with a footprint across the USA
- In April 2019, the Group provided XPT with a **US\$2m** Loan Facility, which sits alongside **US\$40m** of funding from Madison Capital
- In September 2019, Madison Capital acquired an equity stake in XPT. This placed an enterprise value on XPT of c. **US\$54m**
- XPT now has offices in North Carolina, Texas, California and New York, and currently employs **c.150** members of staff

In June 2017 the Group invested USD **\$6m** into XPT for a **35%** shareholding

XPT is led by industry veterans, led by Tom Ruggieri, formerly of Marsh and Swett & Crawford



Since the Group's investment in XPT, GWP has grown from a standing start in 2017 to a forecast of annualised GWP of **US\$300m** in 2020

Subsequent to the Group's year end, XPT acquired **LP Risk**, a Management General Agency and surplus lines broker, based in Texas

LP Risk specialises in a number of speciality lines and will bolster XPT's foothold within its existing markets

Dan Topping, Chief Investment Officer & XPT Board member commented:

“

XPT continues its exciting growth trajectory. We were pleased to support XPT with loan funding, alongside Madison Capital over the course of the financial year to allow it to continue its expansive M&A Strategy

”

Portfolio Company Highlight - CBC

- CBC is a specialist **Lloyd's broker** providing both **wholesale** and **retail** solutions to its UK clients
- The Group acquired its shareholding in CBC, as part of a **management led buy-out** of its previous owner
- As part of this buy-out, the Group was once again able to partner with Andrew Wallas, who was appointed Chairman of CBC, and has over 40 years' experience in the insurance industry

The Group acquired a **35%** stake in CBC in February 2017, for initial consideration of **£4m**, via equity and loans

Following the Group's investment, CBC's management **team reversed a £0.1m post-tax loss to an immediate profit**



Since the Group's Investment in 2017, EBITDA has grown from **£0.1m** to a forecast of **£2.5m** in 2020

CBC have now started to successfully attract new teams from other broking houses, with the recent example of their **International Team**, which will see CBC expand out of the UK Market

“

Dan Topping, Chief Investment Officer commented:

We continue to support the management of CBC to grow their business via team lifts and M&A activity

”

Portfolio Company Highlight - SSRU

- The Group backed SSRU as a start-up in 2017, having been introduced to its CEO, Stephen Stewart, by contacts at what was Aon Benfield
- Since its establishment, SSRU has become a trusted insurance partner to the **Canadian Property and Casualty Sector** concentrating on severity driven risk, often with international exposure
- The Group's nominal equity investment of **£19** has now grown to a value of **£2.5m** as at 31 January 2020

The Group subscribed for a **30%** stake in SSRU in January 2017, for a nominal equity investment of **CA\$30**

In December 2019, SSRU establish a new **Property** team, which has secured capacity of **CA\$15m** and provides a variety of primary and excess Property products



For the year ended 31 December 2019, SSRU wrote GWP of **CA\$11m**, with SSRU projecting to write **CA\$24m** in 2020

Dan Topping, Chief Investment Officer commented:

“

Since SSRU commenced writing business in February 2017, SSRU is now on track to write GWP of over CA\$24m.

This is an excellent achievement by the SSRU team, and we look forward to further supporting their growth over the coming years.

”

Portfolio Company Update - LEBC

- The Group have been invested in LEBC, the **Independent Financial Advisory** company providing expert financial advice to individuals, since April 2007
- In line with its successful long-term investment strategy, the Group continue to support LEBC as it evolves its business
- The Group continue to see opportunities in the financial planning and advisory sector, having previously successfully invested here, with both the IFA, Thompson Group Plc, and the discretionary fund manager, Principal Asset Management Limited

LEBC's performance in 2019 was impacted by the decision to **exit the Defined Benefit transfer advisory market** in September 2019

The Group remains confident that LEBC **will continue to grow successfully** in its field, led by its Management Team



Due to the decision to exit the Defined Benefit transfer advisory market, the Group's valuation of LEBC has decreased from **£35.5m** to **£25m**, at the year end

LEBC's Management team has guided the business through **other challenging times**, such as the Retail Distribution Review, and the Group expects LEBC to **recover to acceptable levels of profitability** over the coming years

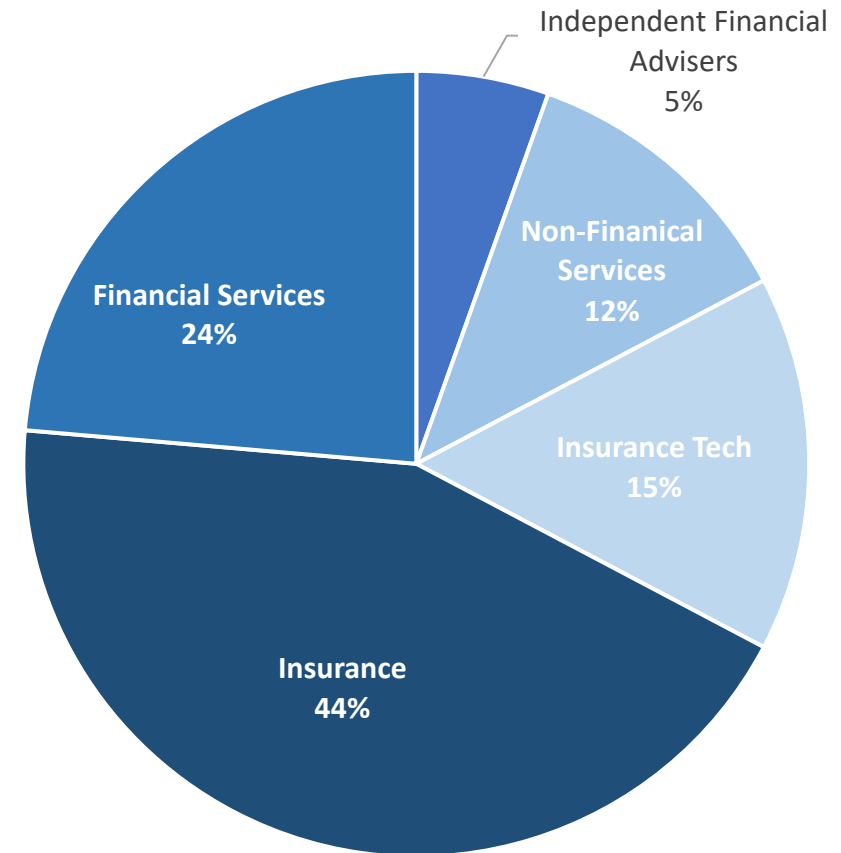
£'000s					
IFA Investment	Jurisdiction	Equity As at 31 Jan 2020	Valuation 31st Jan 2020	Cost of Investment	% of Net Asset Value 31st Jan 2020
LEBC Holdings Limited	UK	59.3%	25,000	12,374	22%

Investment Opportunities

- **110** new investment enquiries in year to 31 January 2020
- **2** completed (Ag Guard PTY Limited and Lilley Plummer Risks)
- **59%** of new investment enquiries in year to 31 January 2020 emanated internationally, compared to **41%** domestic enquiries

Current Pipeline

- Both the MGA and Broking sectors remain active, regardless of Covid-19
- Group in the process of reviewing a number of relevant opportunities in its heartland
- Wealth management sector active



Investment Model

New Opportunities

What we look for

Entrepreneurs who have identified a niche area to apply their expertise
Ambitious capable management teams with strong, demonstrable business plans
Companies with solid value propositions and potential to benefit from value added

Insurance Intermediaries

Lloyd's Brokers
UK regional brokers
Overseas (Re)insurance brokers
Managing General Agents
Third Party Administrators
Claims Administrators
Loss Adjusters
Insuretech

Wealth and Asset Management

Independent Financial Advisers (IFAs)
Wealth and asset managers
Fund Managers
Wealth tech and robo advisers
Alternative finance platforms

Other FS intermediaries

Consultancy firms
Boutique advisory
Compliance services

Financial Highlights – Year End 31 January 2020

NAV of £136.9m

• 31 January 2019: **£126.2m**

NAV per share of 380.1p

• 31 January 2019: **350.3p**

Consolidated Profit after Tax: £12.5m

• Year ended 31 January 2019: **£12.4m†**.

Underlying Profit before Tax: £0.8m

• Year ended 31 January 2019: **£0.7m†**.

Financial Highlights – Year End 31 January 2020

Average compound NAV growth of **8.1% p.a.** since flotation and **11.8% p.a.** since 1990*

- Excl. **£10.1m** raised on flotation and **£16.6m** raised in the July 2018 Share Placing and Open Offer

Final dividend of **2.22p** per share (**£0.8m**) declared to be paid on 31 July 2020

- To Shareholders registered at the close of business on 26 June 2020

£0.8m cash at 31 January 2020

£3m Loan Facility available

*This excludes any value for the Group itself

Cash Position

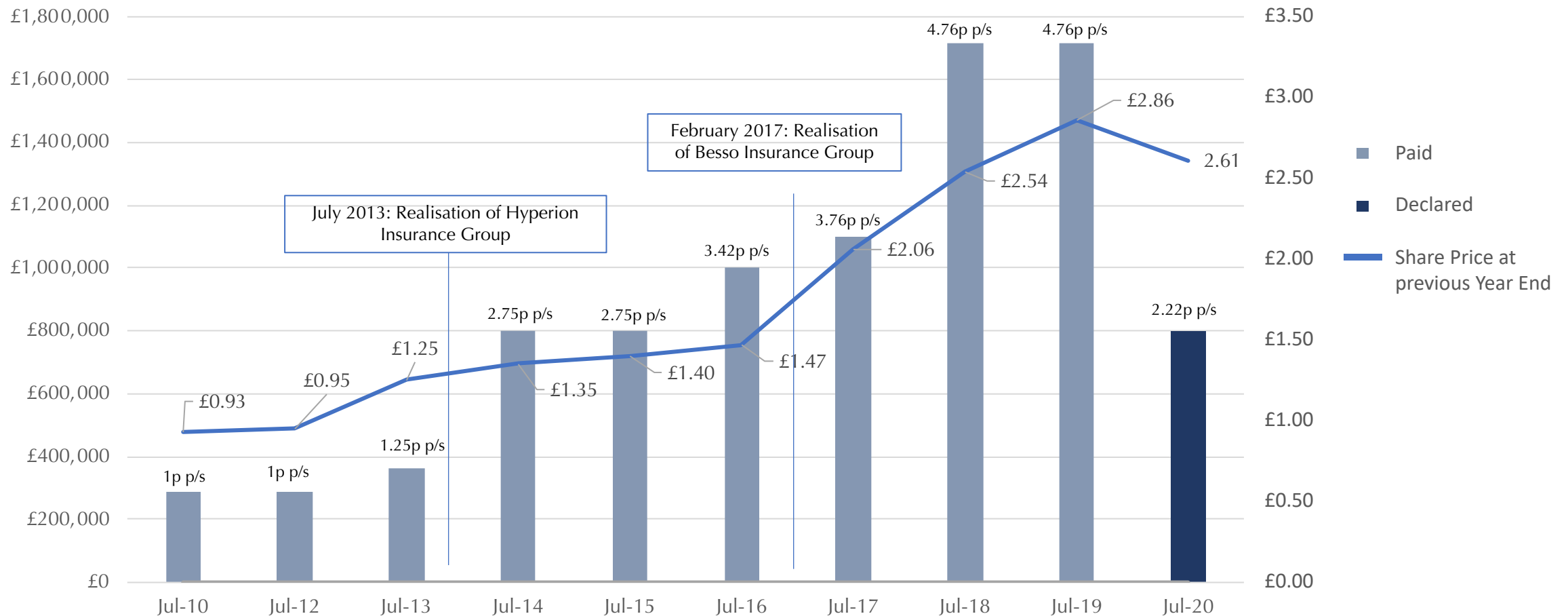
Cash at 1 February 2019 (including treasury funds)	£7.9m
Equity investments	£(2.6)m
Equity proceeds	£0.4m
Loans granted	£(5.1)m
Loans repaid	£1.0m
Tax repayments	£0.3m
Dividend paid	£(1.7)m
Shares repurchased	£(0.2)m
Other operating movements	£0.8m
Cash at 31 January 2020	£0.8m
Current cash balance	£1.8m

Loan Portfolio

Investment	31 January 2020 (£'000)	31 January 2019 (£'000)
Fiducia	2,470	2,470
LEBC	1,000	-
MB Group	282	465
Nexus	6,000	4,000
Paladin (CBC)	4,596	4,096
Stewart Specialty Risk	258	261
Summa	2,012	2,123
Walsingham	715	1,470
XPT	1,512	-
Total	18,845	14,885

Dividends

The Group's historic dividend payments are shown below. Aggregate dividend per share of 25.5p paid since flotation



- Aggregate dividend of **£800,000**, to be paid in July 2020, representing 100% of the realised underlying profit for the year to 31 January 2020
- The Board aims to strike a balance between rewarding shareholders with distributions from realisations and investing cash to deliver long-term capital growth
- The Board is committed to paying further dividends following significant realisations of investments at a time when these create optimal value for shareholders

Covid-19 – Financial Impact

- No financial impact was included within the audited results to 31 January 2020
- Covid-19 was treated as a non-adjusting post balance sheet event
- The Group adapted to the pandemic as follows:
 - Successfully transitioned to remote working prior to the Government ordered lockdown
 - Immediately halted discretionary spending
 - Continually assessing the impact on revenues and cash flow
- There are various financial risks to the Group:
 - Potential reduced dividend income from investments
 - Reduced revenues/growth within investee companies impacting profitability and liquidity
 - Impact on investment multiples and valuations
- In mitigation, those investee companies which have been affected have implemented cost reductions and increased access to liquidity to protect profitability and cash flow
- Portfolio overall remains resilient with several investments performing ahead of forecast

Summary

- A leading specialist investor in global financial intermediary companies for 25 years
- Diversified in terms of company concentration, geography and forex, mitigating risk
- A proven track record of creating excellent value for shareholders:
 - Identifying future industry leaders through the provision of early stage capital and support
 - Increasing the value of the companies it invests in – 11.1% growth delivered in year to 31 January 2020, despite specific challenges
 - Achieving significant value for shareholders at realisation
 - Returning value to shareholders
- Compound NAV growth of 8.1% since flotation, 11.8% since inception

Appendices

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Management Team



Brian Marsh
Executive Chairman

Brian Marsh has over 55 years' experience in insurance broking and underwriting. Brian was, from 1979 to 1990, chairman and major shareholder of the Nelson Hurst & Marsh Group, the international insurance intermediary, and has more than 30 years' experience building, buying and selling financial services businesses particularly in the insurance sector.



Alice Foulk
Managing Director

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's Office. Alice was appointed as a director of B.P. Marsh in February 2015 and as the Managing Director in July 2016. Alice is a member of the Investment Committee and other key operating Committees of the Board.



Jonathan Newman
Group Finance Director

A Chartered Management Accountant with over 20 years' experience in the financial services industry, Jonathan joined the Company in November 1999 and became Group Finance Director in December 2003. Jonathan advises investee companies and has a non-executive appointment at three investee companies.



Daniel Topping
Chief Investment Officer

Dan Topping is a Member of the Chartered Institute of Securities and Investment (MCSI) and an Associate of the Institute of Chartered Securities and Administrators (ACIS). He graduated from Durham University in 2005 and joined B. P. Marsh in February 2007. In 2011 he was appointed as a director and currently has a number of non-executive appointments over multiple investee companies and evaluates new investment opportunities. Dan was appointed the Chief Investment Officer in July 2016.

Board Members

Pankaj Lakhani FCCA

Non-Executive Director

A Certified Accountant, Pankaj Lakhani has over 40 years' of accounting experience within the Insurance Market and joined the Company as Non Executive Director in May 2015. Pankaj is the Chairman of both the Audit and Remuneration Committee.

Nicholas Carter

Non-Executive Director

Nicholas Carter has over 50 years' experience in the Lloyd's Insurance Market. Nick held a variety of positions within Nelson Hurst & Marsh Limited, Citicorp Insurance Brokers, Nelson Hurst Plc, Alexander Forbes Pty. Ltd and Prime Professions Ltd. Nick joined the Company as a Non-Executive Director in May 2019.

Growth Strategy

Our goal is to be the early stage capital provider of choice to the financial services sector. We apply our sector expertise to source attractive long-term investment opportunities both in the UK and internationally. We have a strong track record of helping our partner businesses develop before seeking an exit at a time that delivers maximum value for shareholders.



Investment Model

Specialist Investor

in early stage and SME financial services businesses, operating in niche segment where funding difficult to obtain

Relationship Driven

Investors in People

Up To £5m Initial Investment

20-40% minority equity stakes
Scope for follow on funding

Flexible Approach

to investment and exit

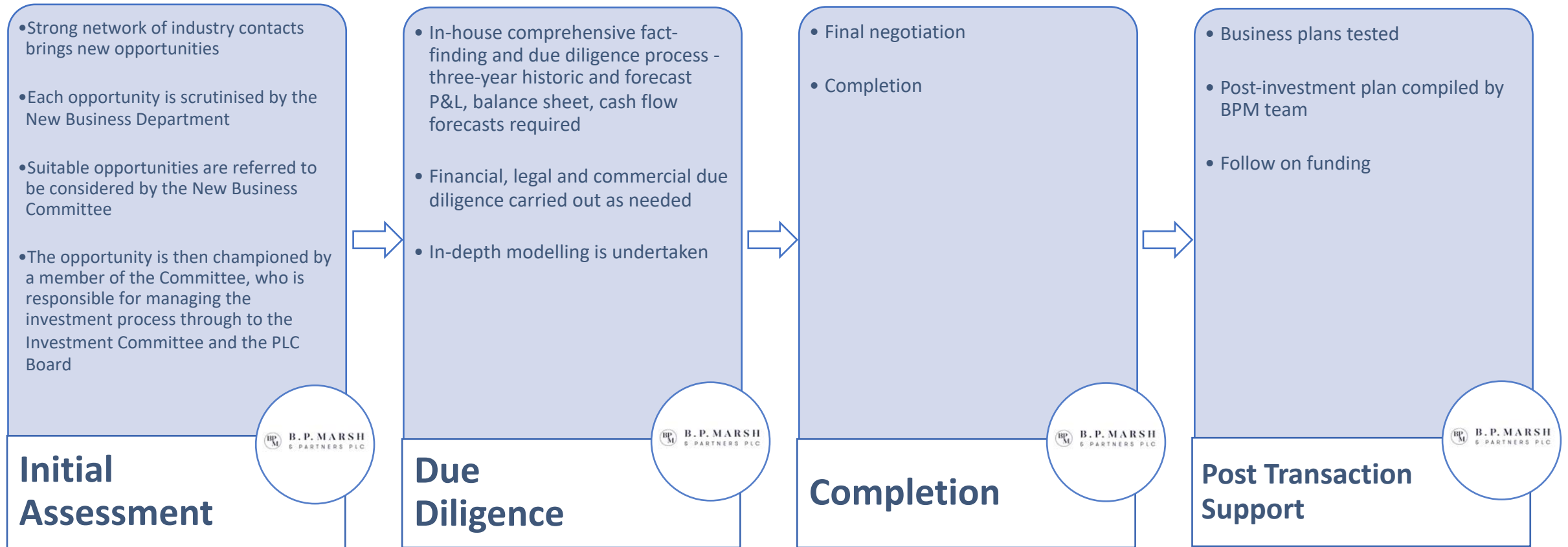
Long-Term View

Partnership approach to investment and mutually agreed exit route

Value Add

Apply significant specialist experience and deep sector knowledge acquired across several decades

Investment Process



Adding Value

Value creation driven by partnering with ambitious entrepreneurs seeking a partnership to provide growth capital and access to a team with a deep knowledge base in mergers, acquisitions, business sales, business growth and transformation, as well as the financial and legal aspects inherent in growing a business:

- Board level representation and support for management
- Guidance on strategy and development
- Provision of follow-on funding
- Referral of potential M&A opportunities
- Access to market intelligence and contacts
- Identification of exit path

Equity Investments – Underwriting Agencies

Investment	Sector	Jurisdiction	Fair market value 31 January 2020 (£'000)	Equity As at 31 January 2020	Cost of equity investment (£'000)	Year of initial investment	Movement in Year to 31 January 2020 (£'000)	Movement in Year to 31 January 2020 (%)
Nexus	MGA	UK	40,045	18.1%	11,126	2014	9,920	32.9%
ATC	MGA	Australia	6,329	20.0%	2,865	2018	909	16.8%
MB	MGA	Australia	2,716	40.0%	480	2013	242	9.8%
SSRU	MGA	Canada	2,534	30.0%	-	2017	1,801	245.7%
Sterling	MGA	Australia	2,272	19.7%	1,945	2013	(142)	(5.9%)
Walsingham	MGA	UK	2,045	40.5%	600	2013	673	49.1%
Fiducia	MGA	UK	1,691	35.2%	228	2016	1,178	229.7%
Ag Guard	MGA	Australia	1,320	36.0%	1,428	2019	(108)	(7.5%)
Walsingham Holdings Limited	Holding Company	UK	58	20.0%	-	2018	39	205.3%
Criterion	MGA	Singapore	0	29.4%	50	2018	(50)	100.0%

Equity Investments – Brokers and Other

Investment	Sector	Jurisdiction	Fair market value 31 January 2020 (£'000)	Equity As at 31 January 2020	Cost of equity investment (£'000)	Year of initial investment	Movement in Year to 31 January 2020 (£'000)	Movement in Year to 31 January 2020 (%)
Paladin (CBC)	Insurance Broking	UK	7,150	38.2%	4	2017	2,645	58.7%
Summa	Insurance Broking	Spain	6,120	77.3%	6,096	2005	2,042	50.1%
EC3 Brokers	Insurance Broking	UK	5,288	20.0%	5,000	2017	(723)	(12.0%)
LPR	Insurance Broking	UK	1,317	30.0%	1,000	2019	317	31.7%
ARB	Insurance Broking	Singapore	830	25.0%	1,551	2016	66	8.6%
Mark Edward Partners	Insurance Broking	USA	-	30.0%	4,573	2017	-	-
LEBC	IFA	UK	25,000	59.3%	12,374	2007	(10,485)	(29.5%)
XPT	Insurance Group	USA	10,951	32.1%	7,330	2017	3,246	42.1%

Portfolio Value	Fair market value 31 January 2020 (£'000)	Cost of equity investment (£'000)	Movement in Year to 31 January 2020 (£'000)	Movement in Year to 31 January 2020 (%)
Total	115,666	56,650	11,570	11.1%

Portfolio as at 31 January 2020

<p>Agri Services Company PTY Limited – 36.0%</p>	<ul style="list-style-type: none"> • Group invested in July 2019 • Ag Guard is an Australian-based MGA which provides insurance to the Agricultural Sector
<p>Asia Reinsurance Brokers (PTE) Limited – 25.0%</p>	<ul style="list-style-type: none"> • Group invested in April 2016 • ARB is a Singapore-headquartered independent specialist reinsurance and insurance risk solutions provider • ARB was established in 2008, following a management buy-out of the business from AJ Gallagher, led by the CEO, Richard Austen
<p>ATC Insurance Solutions PTY Limited – 20.0%</p>	<ul style="list-style-type: none"> • Group invested in July 2018 • ATC is an Australian-based MGA and Lloyd’s Coverholder. ATC specialises in Accident & Health, Construction & Engineering, Trade Pack and Sports insurance • ATC was established in 2006 by Chris Anderson, the current CEO
<p>CBC UK Limited – 38.2%</p>	<ul style="list-style-type: none"> • Group invested in February 2017, through Paladin Holdings Limited • 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 • Assisted in an MBO of CBC, allowing Management to buy out a major shareholder

Portfolio as at 31 January 2020 *Continued*

<p>Criterion Underwriting PTE Limited – 29.4%</p>	<ul style="list-style-type: none"> • Group helped establish Criterion alongside its Partners in Asiare Holdings (PTE) Limited and Asia Reinsurance Brokers (PTE) Limited in July 2018 • Criterion is a start up Singapore-based Managing General Agency providing specialist insurance products to a variety of clients in the Cyber, Financial Lines and Marine sectors in Far East Asia
<p>EC3 Brokers Limited– 20.0%</p>	<ul style="list-style-type: none"> • Group invested in December 2017 • EC3 is an independent specialist Lloyd’s broker and reinsurance broker founded by its current CEO, Danny Driscoll, who led a management buy out to acquire EC3’s then book of business from AJ Gallagher in 2014. EC3 provides services to a wide array of clients across a number of sectors, including construction, casualty, entertainment and cyber & technology
<p>The Fiducia MGA Co Limited – 35.2%</p>	<ul style="list-style-type: none"> • Group invested in November 2016 • Fiducia is a UK Marine Cargo Underwriting Agency, with registered Lloyd’s Coverholder status which specialises in the provision of insurance solutions across a number of Marine risks including Cargo, Transit Liability, Engineering and Terrorism Insurance
<p>LEBC Holdings Limited – 59.3%</p>	<ul style="list-style-type: none"> • April 2007 invested in LEBC • LEBC is a national Independent Financial Advisory company providing services to individuals, corporates and partnerships, principally in employee benefits, investment and life product areas and 16 offices throughout the UK

Portfolio as at 31 January 2020 Continued

Lilley Plummer Risks

Limited – 30.0%

- Group invested in October 2019
- LPR is a specialist marine Lloyd's broker, based in London

MB Prestige Holdings

Limited – 40.0%

- December 2013 invested in MB
- MB is a MGA, headquartered in Sydney, Australia, recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia

Mark Edward Partners

LLC – 30.0%

- The Group invested in October 2017
- MEP is a New York based specialty insurance broker offering a wide range of risk management services to both commercial and private clients. Founded in 2010 by Mark Freitas, its President and CEO, MEP provides core insurance products in Financial & Liability, Property & Casualty, Personal Lines, Life Insurance, Cyber and Affinity Groups

Portfolio as at 31 January 2020 Continued

**Nexus Underwriting
Management Limited –
18.1%**

- Invested in August 2014
- Nexus is an independent specialty Managing General Agency founded in 2008. Through its five operating subsidiaries Nexus specialises in Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health, Trade Credit Insurance and Political Risks Insurance
- Most recently, Nexus has acquired Vectura Underwriting, Equinox Global Limited and Zon Re Accident Reinsurance

**Stewart Specialty
Risk Underwriting Ltd
– 30.0%**

- Invested in SSRU in January 2017
- SSRU is a recently established Specialty Casualty Underwriting Agency, based in Toronto, Canada. SSRU provides specialist insurance products to a wide array of clients in the Construction, Manufacturing, Onshore Energy, Public Entity and Transportation sectors

**Sterling Insurance
(PTY) Limited – 19.7%**

- Invested in June 2013 through the investment vehicle Neutral Bay Investments Limited
- Sterling is a Sydney-based specialist underwriting agency offering a range of insurance solutions within the Liability sector, specialising in niche markets including hard-to-place and complex risks

Portfolio as at 31 January 2020 Continued

**Summa Insurance
Brokerage, S.L. –
77.3%**

- January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain
- Summa has acquired brokers all over Spain. It now has over 20 offices and continues to seek out new opportunities for expansion
- Through acquisition, Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining, thereby increasing overall value. Summa continues to seek new opportunities in Spain

**Walsingham Motor
Insurance Limited –
40.5%**

- Walsingham is a niche UK Motor MGA, that commenced trading in July 2013, with the Group investing in December 2013
- Specialises in fleet motor products
- Walsingham Holdings Limited, of which the Company controls 20%, in turn owns 11.7% of Walsingham purchased from a founding shareholder in May 2018

**XPT Group LLC –
32.1%**

- Invested in this New York-based specialty lines insurance distribution company in June 2017
- Plan to develop a wholesale insurance broking and underwriting agency platform across the U.S. Specialty Insurance Sector

Minority Investor Protections

- The Group believes that day-to-day operational control of the business is the domain of the executive management team. However, the Group's position is well protected and portfolio investments are actively monitored
- The Group outlines from the time of investment the number of matters which would require consent from the Group, above certain agreed thresholds, before an investee company may proceed, these may include:
 - Alterations to share capital
 - Acquisitions
 - Capital expenditure or asset disposals of any nature outside pre-agreed limits
 - Capital protection
 - Appointments of directors and senior executives
 - Remuneration of directors and senior executives
 - Any material additional borrowing
 - Changes in the nature of the company's business
 - Application for a flotation
 - Dividend payments or other distributions including bonuses
- The Group has an extensive track record of working within companies as partners and places significant emphasis around investing time up-front in building relationships

Consolidated Statement of Financial Position (IFRS) at 31 January 2020

	Audited year to 31 January 2020 £'000	Audited year to 31 January 2019 £'000*
Tangible and intangible assets	151	158
Right of use asset	1,286	1,468
Investments at fair value – Equity Portfolio	115,666	101,947
Debtors / Loans receivable	21,228	17,376
Cash and treasury funds	787	7,869
Creditors < 1 year (tax and other payables)	(1,044)	(1,272)
Creditors > 1 year (Loans and tax & other payables)	(1,204)	(1,372)
Net Assets (excl. Deferred tax)	136,870	126,174
Deferred Taxation provision	-	-
NET ASSETS		
8.5% increase in year to 31 January 2020 after dividend (9.8% before dividend)	136,870	126,174

*Restated for IFRS 16: Leases

Consolidated Statement of Comprehensive Income (IFRS) at 31 January 2020

	Audited year to 31 January 2020 £'000	Audited year to 31 January 2019 £'000*
Gains on investments (realised and unrealised)	11,570	14,106
Impairment of investments and loans	(69)	(2,595)
Operating income	5,194	4,631
Total income	16,695	16,142
Operating expenses and FX movement	(4,362)	(3,953)
Net financial (expenses)/income	(61)	20
Profit before tax	12,272	12,209
Taxation	258	232
Post tax profit for period	12,530	12,441
Earnings per share	34.9p	37.6p

*Restated for IFRS 16: Leases

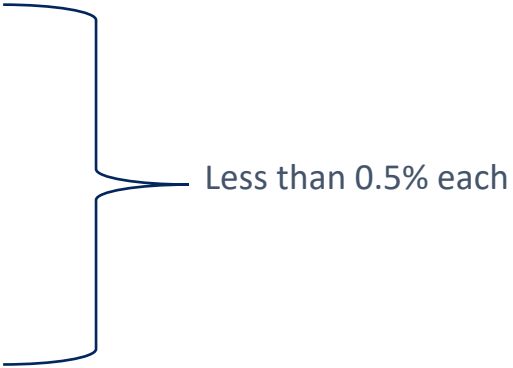
Consolidated Statement of Cash Flows (IFRS) at 31 January 2020

	Audited year to 31 January 2020 £'000	Audited year to 31 January 2019 £'000*
Net cash from operating activities	1,189	(342)
Taxation	261	(1,170)
Purchase of property, plant and equipment	(26)	(20)
Equity investments made	(2,551)	(8,719)
Net proceeds on sale of equity investments	402	-
Net sale / (purchase) of treasury investments	14	2,801
Net loans (granted to)/repaid by investee companies	(4,163)	(1,953)
Net financial (expenses)/income	(61)	(39)
Net decrease in lease liabilities	(160)	(152)
Dividends paid	(1,712)	(1,714)
Net Proceeds from issue of Company Shares	-	16,589
Payments made to repurchase company shares	(243)	(79)
(Decrease)/increase in cash in the period	(7,050)	5,202
FX movement	(18)	5
Cash at beginning of period	7,855	2,648
Cash and cash equivalents at period end	787	7,855

*Restated for IFRS 16: Leases

Key Shareholders at 31 January 2020

DIRECTORS

- Brian Marsh OBE – 41.78%*
 - Alice Foulk
 - Daniel Topping
 - Jonathan Newman
 - Pankaj Lakhani
 - Nicholas Carter
- 
- Less than 0.5% each

*includes 2.62% via the Marsh Christian Trust

CHIEF LEGAL OFFICER & GROUP COMPANY SECRETARY

- Sinead O’Haire - Less than 0.5%

MAJOR SHAREHOLDERS (>3%)

- PSC UK Pty Limited – 19.71%
- Hargreaves Lansdown Asset Management – 4.36%
- RBC Wealth Management – 3.90% (Trustee of the Company’s Joint Share Ownership Plan)
- Mr. Martin MacLeish – 3.55%

Joint Share Ownership Plan (JSOP)

- Previous **5%** JSOP came to an end in November 2017 and saw year-on-year improvements in shareholder return and increase in share price **138p** to **245p** over the three-year period
- A new **3.9%** three-year JSOP instituted to incentivise and retain the management team
- **1,461,302** new shares issued at market price of 281p at close on 12 June 2018 on a partly-paid basis
- Subject to share price hurdle of **313p** on vesting date
- New shares issued into joint beneficial ownership of employees and the newly formed Trustees of B.P. Marsh Employee’s Share Trust (the “Trust”)
- All B.P. Marsh staff working at the Group on the date the previous JSOP matured to be included, in varying proportions
- Nominal value of shares paid by the Trust out of funds loaned by the Group with additional consideration left outstanding until shares are sold

Contacts

B . P . M A R S H & P A R T N E R S P L C

4 Matthew Parker Street

London SW1H 9NP

Telephone: 020 7233 3112

www.bpmarsh.co.uk

Nominated Adviser & Broker

Panmure Gordon

Telephone: 020 7886 2500

Financial PR

Tavistock

Telephone: 020 7920 3150