

12 June 2018

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

PSC INSURANCE GROUP LTD (PSI) – INVESTMENT IN B P MARSH & PARTNERS PLC

PSI is delighted to advise that it is acquiring a shareholding of between 19.6% and 19.9% in B P Marsh & Partners plc (BPM). PSI's investment will total approximately £18.5 million (approximately A\$33m subject to exchange rates on completion).

About BPM

BPM is a specialist private equity and venture capital investor in principally insurance intermediary businesses, and financial services businesses. It has investments in the UK, USA, Europe, Australia and Asia. BPM typically takes initial minority positions, and will invest up to £5 million in first round funding. The investment structure is flexible and also includes provision of debt funding to investee companies. BPM is a long term investor and does not have mandated exit timelines.

BPM was formed in 1990 and listed on the AIM market of the London Stock Exchange in 2006. Over this time the Group has invested in 48 businesses. The book equity has increased from £27 million at listing to £98 million today (no capital raised). The market capitalisation of BPM today, prior to the capital raising, is £83 million. The placing and open offer are expected to raise new capital up to approximately £17.0 million for BPM.

The management team are highly experienced. The team is led by the Chairman and Founder, Mr Brian Marsh OBE, who will continue to be the largest shareholder, owning approximately 45% of the issued share capital of BPM after the capital raising.

Investment Details and Rationale

PSI are excited to be partnering with BPM, and consider the investment to be a long term strategic position. We expect over time the two groups will be able to leverage their respective capabilities to the betterment of the shareholders of both PSI and BPM.

Key items of the transaction are as follows:

- PSI is subscribing for approximately 6.17 million shares in BPM at a price of £2.52, raising £15.5 million.
- BPM will be undertaking an open offer to existing shareholders at a price of £2.52 per share, excluding certain interests associated with Mr Marsh. This will raise up to a maximum of £1.5 million, subject to shareholder take up.

For personal use only

- PSI will purchase an additional 1.16 million shares from interests associated with Mr Marsh.
- The subscription price is a discount of approximately 11% to the most recent closing price of BPM.
- The placing and open offer is subject to BPM shareholder approval. The members' meeting is to be held on 5th July 2018.
- Subject to shareholder approval, allotment of the new shares is expected to occur on 9th July 2018.

Impact for PSI

BPM has grown its book value by a compound rate in excess of 12% pa over the last 5 years.

The dividends and market value movements of BPM will be shown in PSI's income statement.

PSI have existing cash resources to fund the investment in BPM.

Company Statements

"PSC is delighted to be investing in and partnering with BP Marsh. BP Marsh is a world class investor in insurance intermediary assets and businesses, and have a very strong management team. We expect to be a long term investor, and expect over time for there to be numerous collaboration opportunities. We believe the best of both PSC and BP Marsh will bring benefits to the shareholders of both companies. The investment in BP Marsh is likely to broaden the global horizons of PSC over time", commented Mr Paul Dwyer, Managing Director of PSI.

"We view the partnership with PSC as containing considerable potential, which will benefit our business and, in turn, prove valuable for shareholders", commented Mr Brian Marsh OBE, Executive Chairman of BPM.

Please direct any queries to Joshua Reid, Chief Financial Officer, on (03) 8593 8303.

For personal use only