

LMS CAPITAL PLC QUARTERLY FACTSHEET



Q2 - June 2018

Targeting a net annual return on equity of 12-15% over the long term, new investments will be made in private equity, public equities and alternative specialist asset classes focusing on smaller deals below £50.0m enterprise value. The team invests and partners with management teams of profitable and cash generative companies.

LMS – KEY FACTS

NAV per share:
79.0p¹

Share price:
52.25p²

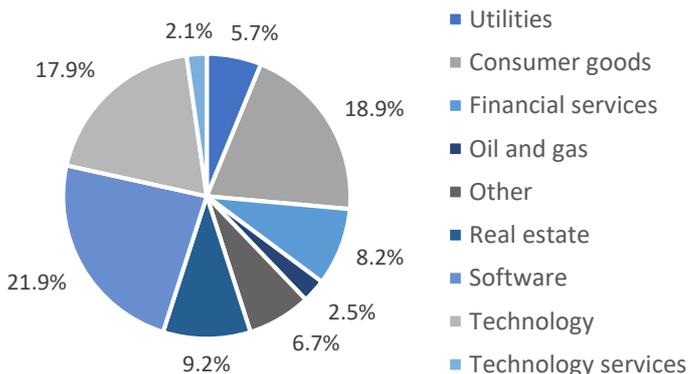
Ticker:
LMS

¹ As at 30 June 2018
² Mid price as at 11 September 2018

PORTFOLIO BREAKDOWN AS AT 30 JUNE 2018

	NAV £m	% of NAV
Quoted Stocks		
Gresham House	4.3	6.7
UK Private		
Entuity	3.6	5.6
US Private		
YesTo	9.1	14.3
Penguin	4.3	6.7
Medhost	8.6	13.5
UK Funds		
Brockton Capital	4.8	7.5
US Funds		
Opus Capital Venture Partners	3.2	5.0
Others	14.5	22.7
Cash	14.0	21.9
Other net assets/liabilities	(2.6)	(4.1)
Company net assets	63.8	

SECTOR EXPOSURE



INVESTMENT MANAGER'S REPORT

The Company's unaudited net asset value ("NAV") at 30 June 2018 was £63.8m (31 March 2018: £60.2m), equivalent to 79.0p per share (31 March 2018: 75.0p per share).

The most significant movements in the quarter were:

- The strengthening of the US Dollar against Sterling resulted in an unrealised foreign currency gain of £2.3m, which more than offset the unrealised currency losses arising in the first quarter as a result of a weakening of the US Dollar. Approximately 62% of the portfolio at 30 June 2018 is denominated in US Dollars.
- Other net gains of £1.3m include £0.7m increase in the carrying value of Medhost, a co-investment with Primus capital the lead manager. The increase reverses the reduction reflected in Primus' previous reported carrying value upon which the 31 March 2018 NAV was based.

Good progress was made realising value from the portfolio:

- Initial payments from the sale of Penguin resulted in proceeds of £9.0m.
- The cash from Penguin together with realisations in the first quarter has increased group cash balances at 30 June 2018 to £14.0m.

The exercise by the Company of its warrants in shares of Gresham House plc and realisation of approximately 80% of the shares so acquired produced a net cash surplus of £0.1 million and at the same time enabled the Company to maintain a 5% shareholding in Gresham House plc which continues its positive growth momentum.

The NAV at the end of June is based on the valuation of the Company's investments as at 30 June 2018 in accordance with the Company's accounting policies as set out in the Company's Interim results announcement for the six months ended 30 June 2018 published on 12 September 2018.

Basis of valuation:

- Quoted investments – bid price of security quoted on relevant securities exchanged;
- Unquoted investments – multiple of revenues or earnings of comparable quoted companies with appropriate discounts for marketability; and
- Fund interests – based on amounts reported by the general partner unless the reported value is not in line with the Company's valuation policy.

Performance	2018 Q2	2018 Q1
LMS NAV PER SHARE	+6.0%	-6.8%

Source: LMS Capital plc published results as at 30 June 2018 and 31 March 2018



FUND INFORMATION

INVESTMENT COMMITTEE

Tim Farazmand

Tim acts as a Gresham House nominee advisor on the LMS plc Investment Committee. He has a strong background in UK mid-market Private Equity with over 30 years in the industry working with a broad variety of companies such as LDC, 3i, RBS PE and Catalyst Fund Management. Most recently Tim was a MD at LDC, the private equity subsidiary of Lloyds Bank plc.

Robert Rayne

Robbie has expertise in a wide range of sectors including real estate, media, consumer, technology and energy. He established LMS Capital's investment activities in the early 1980s as Investment Director and later Managing Director and Chief Executive of London Merchant Securities. Robbie is Non-Executive Chairman of Derwent London plc and is involved with a number of charitable trusts and foundations.

Tony Dalwood (Chairman)

20 years of investment and operating experience. Established SVG Investment Managers and launched Strategic Equity Capital plc and the Strategic Recovery Funds. Former CEO of SVG Advisers (Schroder Ventures London). Previous member of the UK Investment Committee at PDFM (UBS Asset Management).

FUND MANAGERS

Graham Bird

Fund Manager, Investment Committee Member, 20 years of investment, advisory and operating experience. Previously Executive Chairman of paybyphone (a subsidiary of PayPoint plc), Director of Strategic Investments at SVGIM and a Director within the Corporate Finance department at JP Morgan Cazenove.

Pardip Khroud

Pardip is Investment Director at Gresham House. She has 13 years' experience in audit, private equity transactions and global tax restructuring at KPMG, as a Senior Manager at Lloyds Banking Group and most recently as an Investment Manager at Lloyds Development Capital (LDC). At LDC she managed numerous investments and was also appointed to the Board of portfolio companies uSwitch and Bluestone.

Nick Friedlos

Nick joined the GHAM team in August 2016, having previously joined LMS in 2012 to oversee the realisation strategy and was instrumental in structuring the Company's new arrangements with GHAM. Nick is a Chartered Accountant by training and was a partner at PricewaterhouseCoopers. For the last 20 years Nick has worked as a consultant to and as CFO and CEO in alternative asset investment businesses including real estate, private equity and renewable energy.

Investment Manager: Gresham House Asset Management ("GHAM")

The asset management division of Gresham House plc (GHE), specialises in managing assets on behalf of third-party clients focused on funds and co-investments across a range of differentiated and illiquid alternative investment strategies. The company is built around a long-term investment philosophy and applies private equity techniques to due diligence and investment appraisal.

Annual Management fee: 1.5%

Performance fee: 15% over an 8% hurdle

No performance fee payable to GHAM in respect of assets held prior to the adoption of the new investment policy

Shares in issue 80.7 million

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