



Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended immediately to seek your own independent financial advice from your stockbroker, solicitor, accountant, bank manager or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are outside the United Kingdom.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Annual Report and Form of Proxy as soon as possible to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain these documents. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction.

This document should be read as a whole. Your attention is drawn to the letter from Martin Knight, the Chairman of LMS Capital plc, on pages 3 to 5 of this document in which the Directors recommend that you approve the proposals described in this document by voting in favour of each of the Resolutions to be proposed at the Annual General Meeting referred to below.

Notice of the Annual General Meeting of LMS Capital plc to be held at 12.00 noon on 25 May 2017 at Durrants Hotel, George Street, London W1H 5BJ is set out on pages 6 to 8 of this document.

A Form of Proxy for use by all shareholders at the Annual General Meeting is enclosed with this document. To be valid, the accompanying Form of Proxy must be completed, signed and returned in accordance with the instructions printed on it to the Company's registrars: Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by no later than 12.00 noon on 23 May 2017. Alternatively, you can appoint a proxy electronically at www.capitashareportal.com. If you are a member of CREST, you may also register the appointment of a proxy by using the CREST electronic proxy appointment service.

Further details are in the Notice of Annual General Meeting set out in this document.

Contents

| | |
|----------------------------------|---|
| Definitions | 2 |
| Letter from the Chairman | 3 |
| Notice of Annual General Meeting | 6 |

Definitions

The following definitions apply throughout this document and the accompanying Form of Proxy unless the context requires otherwise:

“**Act**” means the Companies Act 2006;

“**AGM**” or “**Annual General Meeting**” means the Annual General Meeting of the Company to be held at 12.00 noon on 25 May 2017 at Durrants Hotel, George Street, London W1H 5BJ and notice of which is given on pages 6 to 8 of this document;

“**Annual Report**” means the report and financial statements of the Company for the year ended 31 December 2016;

“**Board**” or “**Directors**” means the Directors of the Company, whose names appear on page 3 of this document;

“**The Company**” or “**LMS Capital**” means LMS Capital plc, a company registered in England and Wales with company number 5746555 and registered office at 100 George Street, London W1U 8NU;

“**Form of Proxy**” means the form of proxy accompanying this document to be used by shareholders at the Annual General Meeting;

“**Ordinary Shares**” means the ordinary shares of 10p each in the capital of the Company; and

“**Resolutions**” means the resolutions to be proposed at the Annual General Meeting, the full text of which is set out in the Notice of Annual General Meeting.

Letter from the Chairman

Directors

Martin Knight (*Chairman*)
Rod Birkett (*Non-executive Director*)
Bernard Duroc-Danner (*Non-executive Director*)
Neil Lerner (*Non-executive Director*)
Robert Rayne (*Non-executive Director*)

100 George Street
London
W1U 8NU

21 April 2017

Dear Shareholder,

Notice of Annual General Meeting

1. Introduction

The purpose of this document is to provide you with details of the Resolutions to be proposed at the Annual General Meeting of the Company to be held on 25 May 2017 at 12.00 noon and convened by the formal Notice of Annual General Meeting set out on pages 6 to 8 of this document.

In addition to highlighting the usual business to be transacted at the Annual General Meeting, this document explains the background to the Resolutions which will be considered at the meeting and why the Directors consider the Resolutions to be in the best interests of shareholders as a whole and why they recommend that you vote in favour of them.

On 14 March 2017, the Company announced its preliminary results for the year ended 31 December 2016. A copy of the Annual Report for that period is enclosed with this document.

2. Resolutions

Resolution 1 – Annual Report and Accounts

The Directors are required by the Act to lay the Company's Annual Report and Accounts before members at the AGM.

Resolution 2 – Directors' Remuneration Policy

Shareholders are asked to approve the Directors' remuneration policy effective from 1 January 2017 which is set out on page 43 of the Annual Report. Once the Directors' remuneration policy is approved the Company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director, unless that payment is consistent with the policy or has been approved by a resolution of the members of the Company.

Resolution 3 – Remuneration Committee Report

This is an advisory vote, in accordance with the legislation requiring companies to put this report to shareholders at the AGM.

Resolutions 4 to 7 – Election and Re-election of Directors

Rod Birkett was appointed as an independent non-executive Director with effect from 16 June 2016 and will be standing for election by shareholders for the first time at the AGM.

In line with the recommendations set out in the UK Corporate Governance Code, all of the other Directors will be standing down and offering themselves for re-election at the AGM, except for Bernard Duroc-Danner who is stepping down from the Board at the conclusion of this year's AGM, after serving eleven years as a non-executive Director.

Directors' biographies appear on pages 23 and 24 of the Annual Report.

Resolutions 8 and 9 – Appointment and remuneration of the auditor

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the members, to hold office until the conclusion of the next such meeting. During the year the Company's auditor changed. KPMG LLP resigned and the Directors appointed BDO LLP, following a formal tender process. Special notice having been received of the intention to propose the resolution, resolution 8 is for members to appoint the new auditor. Resolution 9 proposes that the Directors are authorised to determine the level of the auditor's remuneration.

Resolution 10 – Approval for the calling of general meetings (other than annual general meetings) on 14 days' notice

The Act requires the Company to give at least 21 clear days' notice for a general meeting of the Company unless shareholders approve a shorter notice period, which cannot be less than 14 clear days. (AGMs must continue to hold on at least 21 clear days' notice).

Resolution 10, which will be proposed as a special resolution, therefore seeks shareholder approval to enable the Company to call general meetings, other than annual general meetings, on at least 14 clear days' notice. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed. The flexibility offered by this Resolution will be used where, taking into account the circumstances, the Directors consider it to be appropriate in relation to the business to be considered at the meeting in question and where it is thought to be to the advantage of shareholders as a whole. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

3. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy with a reply-paid envelope for use in connection with the AGM. Whether or not you intend to be present at the meeting, you are requested to complete the Form of Proxy. This should be returned as soon as possible and in any event so as to be received by Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not later than 12.00 noon on 23 May 2017 (or if the Annual General Meeting is adjourned, 48 hours before the time of holding the adjourned meeting). You may also appoint a proxy online using the service provided by the Company's registrars at www.capitashareportal.com.

If you hold Ordinary Shares in CREST, you may appoint a proxy in relation to the AGM by completing and transmitting a CREST proxy instruction to the Company's registrars, Capita Asset Services (CREST participant ID RA10), so that it is received by not later than 12.00 noon on 23 May 2017 (or, if the Annual General Meeting is adjourned, 48 hours before the time of holding the adjourned meeting).

Please note that Forms of Proxy may not be submitted via the LMS Capital website or any email address given on the LMS Capital website.

Further information is set out in the explanatory notes to the Notice of AGM on pages 7 and 8 of this document.

The valid appointment of a proxy will not affect your right as a Shareholder to attend the AGM and to vote in person if you wish to do so.

New shareholders should note that, in order to have the right to attend and vote at the AGM, their holding must be entered in the Company's register of members by close of business on 23 May 2017 (or, if the meeting is adjourned, close of business two days before the adjourned meeting).

4. Recommendation

The Directors consider the Resolutions to be in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that shareholders vote in favour of the Resolutions to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings.

Yours faithfully,

Martin Knight
Chairman

Notice of Annual General Meeting

NOTICE IS GIVEN that the eleventh Annual General Meeting of LMS Capital plc (the “Company”) will be held at 12.00 noon on 25 May 2017 at Durrants Hotel, George Street, London W1H 5BJ to transact the following business. Resolutions 1 to 9 will be proposed as ordinary resolutions and Resolution 10 will be proposed as a special resolution.

1. To receive the Company’s Annual Report for the year ended 31 December 2016.
2. To approve the Directors’ Remuneration Policy as set out on page 43 of the Annual Report for the year ended 31 December 2016.
3. To approve the Remuneration Committee Report set out on pages 37 to 40 of the Annual Report for the year ended 31 December 2016.
4. To elect Rod Birkett as a Director.
5. To re-elect Martin Knight as a Director.
6. To re-elect Neil Lerner as a Director.
7. To re-elect Robert Rayne as a Director.
8. To appoint BDO LLP as auditor of the Company.
9. To authorise the Directors to determine the auditor’s remuneration.
10. That a general meeting of the Company (other than an annual general meeting) may be called on not less than 14 clear days’ notice.

By order of the board

Augentius Corporate Services Limited
Company Secretary

21 April 2017

Registered office:

100 George Street
London
W1U 8NU

Right to Attend and Vote

In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered in the register of members of the Company as at close of business on 23 May 2017 or, if the meeting is adjourned, at close of business two days before the day of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after close of business on 23 May 2017 or, if the meeting is adjourned, after close of business two days before the day of the adjourned meeting, shall be disregarded in determining the rights of any person to attend, speak or vote at the meeting or at any such adjournment.

Voting on a Poll

Voting at the meeting will be conducted by a poll as this delivers a fair representation of shareholders' views as each Shareholder who votes has one vote for every share they hold. This is in line with good practice and allows all shareholders to have their votes counted whether or not they are able to attend the meeting.

The results of the voting on each Resolution will be announced to the stock market as soon as practicable after the meeting and made available on the Company's website www.lmscapital.com.

Voting Rights

At 18 April 2017, (being the latest practicable date prior to the publication of this Notice) the issued share capital of the Company consisted of 96,441,735 Ordinary Shares of 10p each in the capital of the Company. Each share carries one vote. The Company held no shares in treasury, therefore the total voting rights in the Company as at 18 April 2017 were 96,441,735.

Proxies

A member of the Company is entitled to appoint a proxy to attend, speak and vote instead of them. The proxy need not be a member of the Company. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares.

To be effective, the instrument appointing a proxy and any authority under which it is executed (or a copy of such authority notarially certified or certified in some other way approved by the Board) must be deposited with the Company's registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, not less than 48 hours (excluding non-working days) before the

time for holding the meeting or, in the event of an adjournment, not less than 48 hours (excluding non-working days) before the time of the adjournment. A Form of Proxy and a reply-paid envelope are enclosed with this Notice. A member can also appoint a proxy online using the service provided on the Company's registrars' website, www.capitashareportal.com, where full instructions are given. In order to register their votes online, members will require their investor code, which can be found on their personalised proxy form.

If a Shareholder is a CREST member, they can use the electronic proxy service provided by Euroclear (see below).

Forms of Proxy may not be submitted via the LMS Capital website or via any email address given on the LMS Capital website.

The valid appointment of a proxy will not preclude members from attending and voting in person at the meeting or any adjournment of the meeting.

CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment(s) of the meeting) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Capita Asset Services (CREST participant ID RA10), no later than 48 hours (excluding non-working days) before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available

special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Nominated Persons

Any person to whom this Notice is sent who is a person nominated under Section 146 of the Act to enjoy information rights (a "Nominated Person") may have a right, under an agreement between them and the member by whom they were nominated, to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

Corporate Representatives

Any corporation which is a member may appoint one or more corporate representatives to exercise all of its powers as a member on its behalf, provided that not more than one corporate representative may exercise powers over the same share.

Right to Ask Questions

Under section 319A of the Act, shareholders (or their proxies) have the right to ask questions in relation to the business being dealt with at the AGM. However, the Company is not obliged to answer a question raised at the

meeting if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Website Publication of Audit Concerns

Under section 527 of the Act shareholders who meet the threshold requirements that are set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with the auditor of the Company ceasing to hold office since the previous meeting at which the annual report and accounts were laid in accordance with section 437 of the Act.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with either section 527 or 528. Where the Company is required to place a statement on a website under section 527, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on a website under section 527.

Documents Available for Inspection

Copies of the terms of appointment of the non-executive Directors will be available for inspection at the registered office of the Company, 100 George Street, London, W1U 8NU during normal business hours from the date of this notice until the date of the AGM and also at the AGM for at least 15 minutes before the meeting until its conclusion.

Company's Website

A copy of this Notice of Annual General Meeting and any other information required by section 311A of the Act can be found in the investor relations section of the Company's website, www.lmscapital.com. The website also contains a copy of the Annual Report.