

LMS CAPITAL PLC QUARTERLY FACTSHEET



Q2 - 30 JUNE 2019

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 £50.0 million enterprise value. The team invests and partners with management teams of profitable and cash generative companies.

LMS - KEY FACTS

NAV per share: **73.3p¹** Share price: **50.25p²**

Ticker:
LMS

1. As at 30 June 2019
2. Mid-price as at 1 August 2019

PORTFOLIO BREAKDOWN AS AT 30 JUNE 2019

	NAV £m	% of NAV
Quoted Stocks	7.3	
Gresham House	6.0	10.2
IDE Group	0.1	0.2
Other	1.2	2.0
UK Private	11.1	
Elateral	1.6	2.7
Entuity	8.7	14.7
Northbridge Industrial	0.8	1.4
US Private - SFEP Managed	8.2	
YesTo	5.8	9.8
Penguin	0.8	1.4
ICU Eyewear	1.6	2.7
US Private - Other	7.7	
Medhost	7.7	13.0
UK Funds	7.5	
Eden Venture Partners	1.1	1.9
Brockton Capital	4.9	8.3
Other	1.5	2.5
US Funds	3.4	
Opus Capital Venture Partners	3.2	5.4
Weber Capital	0.5	0.8
Other	(0.3)	(0.5)
Cash	16.4	27.7
Other net assets/liabilities	(2.5)	(4.2)
Company net assets	59.1	100.0

LMS NAV per share - performance

Q2 2019	Q1 2019	2018
-0.7%	-1.2%	-6.5%

Source: LMS Capital plc published results as at 30 June 2019

INVESTMENT MANAGER'S REPORT

The Company's unaudited Net Asset Value (NAV) at 30 June 2019 was £59.1 million (31 December 2018: £60.3 million), equivalent to 73.3p per share (31 December 2018: 74.7p per share).

The highlights from the results were:

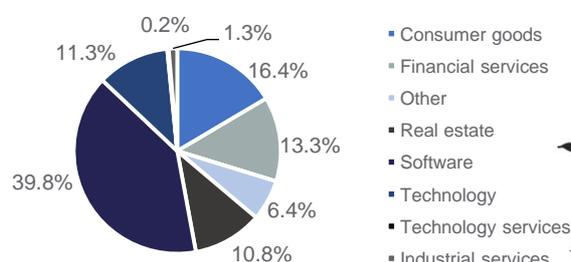
- Net cash held by the Company and its subsidiaries at 30 June 2019 was £16.4 million (31 December 2018: £17.7 million).
- The carrying value of Entuity has been increased from £4.925 million at 31 December 2018 to £8.67 million. An uplift of 76% reflecting the sale proceeds expected to be received following exchange of contracts on 25 July 2019, to sell the company. Completion is expected to be before 30 September 2019.
- The investment portfolio showed a net loss in the first half of £0.3 million (30 June 2018: net gain of £0.2 million) after including unrealised net currency gains of £0.1 million (2018: unrealised net gains of £0.8 million).
- Significant gains arising on Entuity (£3.7 million) and the Gresham House shares (£1.5 million) were offset by unrealised NAV reductions attributable principally to the Company's investments with San Francisco Equity Partners, YesTo and Penguin (£4.8 million)
- The loss for the period was £1.1 million (six months to 30 June 2018: loss of £0.7 million).

The NAV at the end of June is based on the valuation of the Company's investments at 30 June 2019 in accordance with the Company's accounting policies set out in the Company's announcement of its results on 2 August 2019.

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.

SECTOR EXPOSURE



COMPANY 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)

Tony is the Chairman of the LMS Investment Committee and the CEO of Gresham House. He has 24 years of investment and operating experience. He established SPE investment at SVG in 2002 and launched Strategic Equity Capital plc and the Strategic Recovery Funds. He was also CEO of SVG Advisers (Schroder Ventures London) and a previous member of the UK Investment Committee at PDFM (UBS Asset Management).

FUND MANAGERS

Graham Bird

Graham is the Fund Manager and an Investment Committee Member. He has 25 years of investment, advisory and operating experience and was 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.

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 Limited (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. GHAM 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

CAPITAL AT RISK

The value of investments may fall as well as rise and investors may not get back the original amount invested.

Investments in smaller companies may carry a higher degree of risk that investments in larger, more established companies.

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