

SHARE PRICE: 32.10p \*

NAV/share: 57.5p

DISCOUNT: 44.2%

\* As at 3 August 2020

## ABOUT LMS CAPITAL PLC

LMS Capital is a listed investment company. Following a shareholder meeting on 28 November 2019, a new Board was appointed and initiated the process of transitioning the Company to being internally managed.

The driving force behind the Company's investment philosophy is the preservation and creation of wealth over the long term. Shareholders will benefit through share price appreciation and through distributions. It is the Company's aim to broaden its shareholder base and develop it into an attractive investment for family offices, high net worth investors and institutions attracted by the returns it achieves and the character of its investments.

## HALF YEAR ENDED 30 JUNE 2020

The year to date has been dominated at every level in society by the Coronavirus pandemic. Our priority has been to take steps to protect our people and those with whom we work, whilst continuing so far as possible to make progress towards the Company's business objectives.

In financial terms our portfolio valuations have reduced as a result of the Coronavirus pandemic. Overall portfolio valuations for the current investments are approximately 16% lower than the level reported at 31 December 2019, although 12% ahead of the 31 March 2020 NAV estimates;

In April, in order to de-risk our portfolio and preserve liquidity, we realised substantially all our quoted company holdings and have cash balances of £29.0 million at 30 June 2020;

We have continued refocusing our investment strategy on our chosen sectors: property, energy and late stage private equity. In April we announced backing for two property opportunities. The Company is also at an advanced stage of discussions in relation to a further investment opportunity and hopes to conclude negotiations and be in a position to make a further announcement in the coming weeks;

We continue to build our pipeline of opportunities; and

Given the progress made with investment commitments in the first six months, the Board feels that it is an appropriate signal of its confidence in the future, to declare a dividend. This is set initially at a sustainable level, with a view to establishing a progressive dividend policy going forward.

## RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

## UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The net asset value ("NAV") at 30 June 2020 was £46.5 million (57.5p per share). This represents a reduction of £6.1 million (7.5p per share) compared to an adjusted £52.6 million (65.1p per share) being the 31 December 2019 reported NAV of £56.0 million reduced for the payment of the Special Dividend of £3.4 million, declared in December 2019 but paid in early January 2020. The reduction in NAV over the period arises principally from realised and unrealised reductions in the portfolio valuations as a result of the Coronavirus pandemic and its impact on financial markets.

Overall portfolio realised and unrealised losses were £5.2 million. This is stated after recognising realised and unrealised exchange gains of £1.1 million primarily from the strengthening of the US Dollar over the sterling during the first six months of 2020.

The principal changes in the portfolio, excluding realised and unrealised foreign exchange impact, were:

## Quoted shares

Overall our quoted portfolio showed net losses, realised and unrealised, of £0.6 million, during the first half of 2020; and our holdings in Gresham House and Solaredge, together representing over 90% of our quoted holdings at 31 December 2019, were realised producing £7.7 million of cash proceeds;

## Unquoted shares

Our unquoted holdings reduced by net £1.7 million, excluding the impact of foreign currency, or 17% compared to the 31 December 2019 valuations.

The principal reductions were on Medhost and Elateral. The reductions are discussed in the portfolio review below and are a function of both downward movements in market comparable valuation data and reduced estimates of performance of the underlying businesses as a result of the Coronavirus pandemic; and the reductions are partly offset by an increase in value of ICU due to its improved cash position and a debt repayment received in July 2020.

## Fund investments

Valuations, excluding the impact of foreign currency gains, reduced by a net £3.8 million, or 27%;

Our investment in Brockton has reduced in value by £1.7 million, reflecting increased uncertainty in the Central London residential markets;

Our investment in YesTo, managed by SFEP, has reduced in value by £2.0 million. The company was in the process of resetting its strategy following poor performance in 2018 and 2019, but the financial situation has been exacerbated by the Coronavirus pandemic; and other fund interests have reduced in value by £0.1 million

Non-portfolio reductions in NAV were £0.9 million and include overhead costs of £0.9 million and £0.2 million of net income tax adjustments, offset by £0.1 million of non-portfolio foreign exchange gains and £0.1 million of interest and other income.

## PORTFOLIO BREAKDOWN AS AT 30 JUNE 2020

	£m	% NAV
<b>Portfolio total</b>	19.3	
<b>UK Private</b>	1.1	
Elateral	0.4	0.9
Nortbridge	0.6	1.3
IDE Conv. Debt	0.1	0.2
<b>US Private SFEP</b>	3.3	
Total YesTo	0.8	1.7
Total ICU	2.5	5.4
<b>US Private - Other</b>	5.1	
Medhost	5.1	11.0
<b>UK Listed</b>	0.5	
IDE Group	0.5	1.1
<b>US Listed</b>	0.1	
Other	0.1	0.2
<b>UK Funds</b>	5.4	
Brockton Capital	3.9	8.4
Eden	0.5	1.1
EMAC ILF	0.7	1.5
Simmons	0.3	0.6
<b>US Funds</b>	3.8	
Weber	0.8	1.7
Opus Capital	3.1	6.7
Others (3)	0.1	0.2
Cash	29.0	62.4
Other Net Assets/Liabilities	(1.8)	(3.9)
<b>Net Assets</b>	<b>46.5</b>	