



Notice of Annual General Meeting

(incorporated in England and Wales under the Companies Act 1985 with registered number 5746555)

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 Richard Christou, 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 p.m. on Thursday 17 May 2012 at Durrants Hotel, George Street, London W1H 5BJ is set out on page 6 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 thereon to the Company's registrars: Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 12 p.m. on Tuesday 15 May 2012. 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 contained in the Notice of Annual General Meeting contained within this document.

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Definitions

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

"2006 Act" means the Companies Act 2006;

"Annual General Meeting" means the Annual General Meeting of the Company which is due to be held at 12 p.m. on Thursday 17 May 2012 at Durrants Hotel, George Street, London W1H 5BJ and notice of which is given on page 6 of this document;

"Annual Report" means the report and financial statements of the Company for the year ended 31 December 2011;

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

"The Company" or "LMS" 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;

"Director" means a director of the Company whose name appears on page 3 of this document;

"Form of Proxy" means the form of proxy accompanying this document to be used by Shareholders at the Annual General Meeting;

"Main Market" means the Main Market of the London Stock Exchange plc;

"Official List" means the Official List of the UK Listing Authority, a division of the Financial Services Authority, acting as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;

"Ordinary Shares" means the Ordinary Shares of 10p each in the capital of the Company;

"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; and

"Shareholders" means holders of Ordinary Shares.

Letter from the Chairman

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5746555)

Directors

Richard Christou (Chairman)
Bernard Duroc-Danner (Non-executive Director)
Nick Friedlos (Executive Director)
Martin Knight (Non-executive Director)
Neil Lerner (Non-executive Director)
Robert Rayne (Non-executive Director)
Mark Sebba (Non-executive Director)
Tony Sweet (Chief Financial Officer)

Registered Office
100 George Street
London W1U 8NU

17 April 2012

To the holders of Ordinary Shares

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 17 May 2012 at 12 p.m. and convened by the formal Notice of Annual General Meeting set out on page 6 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 Annual General 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 the Resolutions.

On 15 March 2012, the Company announced its preliminary results for the year ended 31 December 2011. A copy of the Annual Report for that period is enclosed with this document.

2. Information on the Company

LMS Capital is an investment company focused on small to medium sized companies in our preferred sectors of consumer, energy and business services. Its Ordinary Shares are admitted to trading on the Main Market. Following a General Meeting of the Company on 30 November 2011, the Company is undertaking a realisation strategy which aims to achieve a balance between an efficient return of cash to Shareholders and optimising the value of the Company's investments.

3. Resolutions

3.1 Resolution 1 – Financial statements and reports

The Directors are required to lay before the Annual General Meeting the Company's financial statements and the reports of the Directors and the auditors for the year ended 31 December 2011.

3.2 Resolution 2 – The remuneration report

UK listed companies on the Official List are required to prepare a remuneration report and put a resolution to approve the report to Shareholders at the Annual General Meeting. The report is contained in full within the Annual Report. In line with the legislation requiring companies to put an annual resolution to shareholders on directors' pay, this vote will be advisory.

Letter from the Chairman continued

3.3 Resolutions 3 to 7 – Appointment and Re-appointment of Directors

The Company's articles of association require a third of the Board to retire each year by rotation based on the date of their being appointed unless there are fewer than three directors who are subject to retirement by rotation, in which case, one director shall be required to retire by rotation. Accordingly, Bernard Duroc-Danner and Robert Rayne retire and, being eligible, are seeking re-appointment to the Board. Nick Friedlos, Martin Knight and Neil Lerner, having been appointed to the Board since the 2011 annual general meeting, will stand for election in accordance with the Company's articles of association. Biographical details of each Director are set out on pages 10 to 11 of the Annual Report. Bernard Duroc-Danner, Martin Knight, Neil Lerner and Robert Rayne are Non-executive Directors and Nick Friedlos is an Executive Director. The Board considers that each of the Directors proposed for appointment or re-appointment makes an effective and valuable contribution and demonstrates commitment to the role. Accordingly, the Board recommends the appointment or re-appointment of each Director.

3.4 Resolutions 8 and 9 – Re-appointment and remuneration of the auditors

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company. The appointed auditors are to hold office until the next such meeting. Following the recommendation of the Audit Committee, the Directors propose that KPMG Audit Plc be re-appointed as auditors of the Company. Resolution 9 proposes that the Directors be authorised to determine the level of the auditors' remuneration.

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

The 2006 Act, as amended by the Companies (Shareholders' Rights) Regulations 2009, 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 however be less than 14 clear days (annual general meetings must continue to be held on at least 21 clear days' notice). Resolution 10, which will be proposed as a special resolution, 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 annual general meeting, 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 this 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.

The changes to the 2006 Act mean that 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.

4. Annual General Meeting

You will find set out on page 6 of this document a notice convening the Annual General Meeting to be held at Durrants Hotel, George Street, London W1H 5BJ at 12 p.m. on Thursday 17 May 2012.

5. 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 Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the Form of Proxy.

If you wish to appoint a proxy, you are requested to complete and return the Form of Proxy as soon as possible and in any event so as to be received by Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 12 p.m. on Tuesday 15 May 2012 (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 Annual General Meeting by completing and transmitting a CREST proxy instruction to the Company's registrars, Capita Registrars (CREST participant ID RA10), so that it is received by not later than 12 p.m. on Tuesday 15 May 2012 (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 website or any email address set out on the LMS website.

Further information is set out in the explanatory notes to the Notice of Annual General Meeting on pages 7 to 8 of this document.

The valid appointment of a proxy will not affect your right as a Shareholder from attending the Annual General Meeting and voting 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 Annual General Meeting, their holding must be entered in the Company's register of members by 6.00 p.m. on Tuesday 15 May 2012 (or, if the meeting is adjourned, 6.00 p.m. on the second day prior to the day of any adjourned meeting).

6. Recommendation

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

Yours faithfully,

Richard Christou
Chairman

Notice of Annual General Meeting

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5746555)

NOTICE IS HEREBY GIVEN that the sixth Annual General Meeting of LMS Capital plc (the "Company") will be held at 12 p.m. on Thursday 17 May 2012 at Durrants Hotel, George Street, London W1H 5BJ to transact the business set out below.

Resolutions 1 to 9 will be proposed as ordinary resolutions. This means that for each of those Resolutions to be passed, more than half of the votes cast must be in favour of the Resolution. Resolution 10 will be proposed as a special resolution. To pass special resolutions, 75% or more of the votes cast must be in favour.

Ordinary Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's financial statements and the report of the Directors and the auditors for the year ended 31 December 2011.
2. To approve the remuneration report for the year ended 31 December 2011.
3. To re-appoint Bernard Duroc-Danner, who is retiring by rotation in accordance with the Company's articles of association, as a Director.
4. To re-appoint Robert Rayne, who is retiring by rotation in accordance with the Company's articles of association, as a Director.
5. To appoint Nick Friedlos, who has been appointed as a Director since the last annual general meeting of the Company and is retiring in accordance with the Company's articles of association, as a Director.
6. To appoint Martin Knight, who has been appointed as a Director since the last annual general meeting of the Company and is retiring in accordance with the Company's articles of association, as a Director.
7. To appoint Neil Lerner, who has been appointed as a Director since the last annual general meeting of the Company and is retiring in accordance with the Company's articles of association, as a Director.
8. To re-appoint KPMG Audit Plc as auditors of the Company, to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
9. To authorise the Directors to determine the auditors' remuneration.

Special Business

To consider and, if thought fit, to pass the following resolution as a special resolution:

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

Jon Edis-Bates
Company Secretary

17 April 2012

Registered office
100 George Street
London W1U 8NU
Registered number 5746555

Explanatory Notes

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 6.00 p.m. on Tuesday 15 May 2012 or, if the meeting is adjourned, at 6.00 p.m. on the second day prior to 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 6.00 p.m. on Tuesday 15 May 2012 or, if the meeting is adjourned, after 6.00 p.m. on the second day prior to 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 done by poll as this delivers a fair representation of Shareholder views. This is a more transparent method of voting as Shareholder votes are to be counted according to the number of shares held.

On a poll, each Shareholder has one vote for every share he or she holds. The Directors believe that this is fair and democratic since it allows all Shareholders to have their votes counted whether or not they are able to attend the Meeting and it is in line with best practice.

The results of the voting on each Resolution shall be made available on the Company's website www.lmscapital.com.

Voting Rights

At 4 April 2012, (being the latest practicable date prior to the publication of this Notice) the issued share capital of the Company consisted of 272,674,285 ordinary shares of 10p each in the capital of the Company, carrying one vote each. The Company held no shares in treasury, therefore the total voting rights in the Company as at 4 April 2012 were 272,674,285.

Proxies and Corporate Representatives

A member of the Company is entitled to appoint a proxy or, if the member is a corporation, a corporate representative to attend, speak and vote instead of him or her or such corporation. The proxy or corporate representative need not be a member of the Company. A member may appoint more than one proxy or corporate representative, provided that each proxy or corporate representative 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 registrar, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time for holding the meeting or, in the event of an adjournment, not less than 48 hours 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 or, if they are 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 website or via any email address set out on the LMS 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.

Electronic Proxies

Alternatively, members may register their proxy appointment and instructions online at 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.

Completion and return of the Form of Proxy will not preclude Shareholders 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) thereof 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 Registrars (CREST participant ID RA10), no later than 48 hours 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 his or her 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.

Explanatory Notes continued

Nominated Persons

Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a **"Nominated Person"**) may have a right, under an agreement between him/her and the member by whom he/she was 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, he/she 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.

Right to Ask Questions

Shareholders and their duly appointed proxies have always had the right to ask questions at the Company's annual general meetings. However, the Companies Act 2006 now states that the Company must formally advise Shareholders and their duly appointed proxies that they have this right. Accordingly, Shareholders and their duly appointed proxies are advised that they have the right to ask questions at the Annual General Meeting being held on Thursday 17 May 2012.

Website Publication of Audit Concerns

Under Section 527 of the Companies Act 2006, Shareholders meeting the threshold requirements 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 Annual General Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold

office since the previous meeting at which annual accounts and reports were laid in accordance with Section 37 of the Companies Act 2006, (in each case) that the Shareholders propose to raise at the relevant meeting. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

Documents Available for Inspection

Copies of: (i) the audited consolidated accounts of the Company for the financial year ended 31 December 2011; (ii) the Company's existing articles of association; (iii) the executive Directors' service contracts; (iv) the letters of appointment for the Non-executive Directors; and (v) this Notice are available for inspection at the Company's registered office during normal business hours on each business day from the date of this Notice until the close of the Annual General Meeting. These documents will also be available for inspection at the place of the Annual General Meeting from 30 minutes prior to 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 Companies Act 2006 can be found in the Annual General Meeting section contained within the investor relations part of the Company's website, www.lmscapital.com. The website also contains a copy of the Annual Report.



LMS Capital plc

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www.lmscapital.com

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