Electra Private Equity PLC
Half Year Report






31 March 2016

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References in this Half Year Report to Electra Private Equity PLC and its subsidiaries have been abbreviated to 'Electra' or the 'Company' or the 'Group'. References to Electra Partners LLP have been abbreviated to 'Electra Partners' or 'the Manager'.

About Electra Private Equity PLC

Electra Private Equity PLC ("Electra" or the "Company") is a private equity investment trust which has been listed on the London Stock Exchange since 1976. As at 31 March 2016 its net assets were £1.8 billion or 4,405p per share.

Electra's business and affairs are managed on an exclusive and fully discretionary basis by Electra Partners LLP, an independent private equity fund manager with over 25 years' experience and a superior performance record. Electra is overseen by a Board of non-executive Directors.

Electra's objective is to achieve a return on equity of between 10% and 15% per year over the long term by investing in a portfolio of private equity assets.

Performance is in line with this objective: for the 10 years to 31 March 2016 Electra's return on equity was 13% per year. Electra's performance has been consistently superior to that of the Morningstar Private Equity Index and the FTSE All-Share Index.

Private equity benefits from:

- an active approach based on a high level of engagement between the fund manager and the management teams of investee companies both before and after an investment is made;
- the alignment of interests between managers and investors through economic incentives; and
- an ownership framework which facilitates long-term decision-making.

Electra offers shareholders differentiated, direct access to private equity through a flexible listed vehicle.

Financial Highlights

As at 31 March 2016

Total portfolio return of 18% in the six months	£299m
Investment portfolio equivalent to 96% of net assets	£1,703m
Net liquid resources	£185m
NAV per share total return of 15% for the six months	4,405p
NAV per share, including dividends, total return over ten years	228%
Annualised return on equity over ten years	13%
Share price up 9% in the six months	3,465p
Share price total return over ten years	182%
Interim dividend declared	44p

Performance (Total Return):

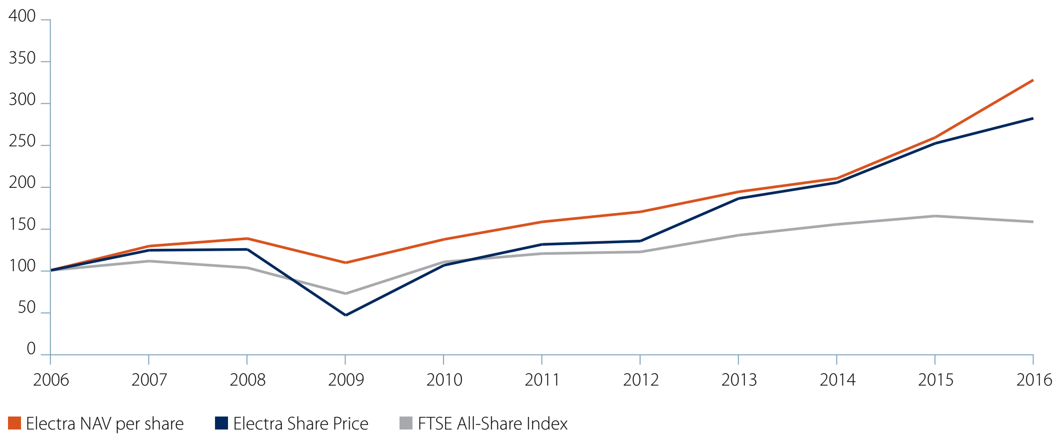
	Six months	One year	Three years	Five years	Ten years
Electra NAV per share	15%	28%	69%	107%	228%
Morningstar PE Index NAV per share*	7%	10%	34%	42%	30%
Electra share price	9%	13%	52%	116%	182%
Morningstar PE Index share price*	0%	(3)%	27%	56%	(7)%
FTSE All-Share Index	4%	(4)%	11%	32%	58%

Performance calculated on a total return basis with dividends reinvested.

* The above index, prepared by Morningstar UK Limited, reflects the performance of 20 private equity vehicles, excluding Electra, listed on the London Stock Exchange.

Long-term Performance

NAV per share vs. Share price vs. FTSE All-Share (Total Return) As at 31 March



Note: 31 March 2006 equals 100.

Historic NAV, Share price and Return on Equity

Year ended 31 March	Total NAV £m	NAV per share p	Ordinary share price p	Dividends per share p	10-year annualised return on equity %
1997	969	570	466	9.70	11
1998	1,250	736	603	11.18	14
1999	1,440	832	714	–	12
2000	1,210	1,165	1,093	–	15
2001	774	962	908	–	13
2002	575	881	637	–	14
2003	458	702	500	–	10
2004	549	843	739	–	10
2005	469	1,054	935	–	12
2006	577	1,417	1,304	20.00	13
2007	679	1,811	1,603	17.00	13
2008	680	1,910	1,586	25.00	11
2009	534	1,512	578	–	7
2010	671	1,900	1,349	–	5
2011	809	2,193	1,664	–	9
2012	876	2,360	1,718	–	11
2013	999	2,684	2,365	–	15
2014	1,088	2,914	2,609	–	14
2015	1,350	3,548	3,160	–	13
2016	1,774	4,405	3,465	116.00	13

Please note:

In 1999 Electra ceased to make new investments and was placed into a realisation phase. Between 1999 and 2006 Electra returned a total of £1.2 billion to shareholders through a mixture of share buybacks and tender offers. Electra returned to full investment in October 2006.

The issue of the Convertible Bonds in December 2010 required the Company to report a diluted NAV per share from the date of issue to the date of final conversion in December 2015.

Chairman's Statement

"Electra has produced another set of strong results, with a NAV per share total return of 15% over the six-month period driven by excellent progress in the investment portfolio and supported by a high level of realisations.

"We are pleased to be announcing an interim dividend of 44p per share, an increase of 16% on the corresponding period last year, and in line with Electra's policy of returning to shareholders a targeted 3% of NAV per annum."

Overview

The six months to 31 March 2016 have seen further good progress, with a total return to shareholders of £223 million. This represents a 15% total return on NAV per share for the period and is particularly creditable given that it was achieved against a backdrop of difficult market conditions. It continues the excellent long-term performance record with the annualised total return being 13% over the last 10 years, in the upper part of the Company's target return of 10-15% and well ahead of the Morningstar Private Equity and FTSE All-Share indices.

On 5 November 2015 the Company held a General Meeting, which had been requisitioned by its largest shareholder, Sherborne Investors ("Sherborne"). At this meeting two nominees of Sherborne, Edward Bramson and Ian Brindle, were elected to the Board as non-executive Directors.

Following the conclusion of the General Meeting, Roger Yates resigned as a non-executive Director and Chairman of the Company and I was appointed Chairman in his place; on 23 November 2015, Geoffrey Cullinan resigned as a non-executive Director of the Company. Roger and Geoff both made valuable contributions to the Company and I am sure that shareholders will join my Board colleagues and me in thanking them for their hard work and commitment.

I am pleased to report that Neil Johnson will become non-executive Director and Chairman of Electra with effect from 12 May 2016.

In January the Board announced that it was reviewing the Company's investment strategy, policy and structure. The existing investment policy and structure have remained substantially unchanged for almost ten years and the Board considers that now is the right time to conduct a review, given that a portion of shareholders wish such a review to take place. The Board will consider whether the current strategy remains best suited to maximise shareholder value in the future and anticipates that the review will be completed during the autumn. The Board is also evaluating improvements to the reporting of the components of portfolio performance which will be included in the year end results presentation.

Results

The portfolio has performed particularly strongly in this six-month period with more than half of the total return coming from earnings growth and cash flow. The total return from the portfolio was £299 million, an 18% uplift over the opening position. This strong performance follows on from the results in the year to 30 September 2015, which saw a total portfolio return of 34% in the period. The performance in the eighteen-month period to 31 March 2016 has been underpinned by a high level of realisations, with £643 million in aggregate having been realised. Current trading and developments within the portfolio provide significant grounds for optimism regarding the prospects for future cash flow and performance.

The return at the portfolio level translates into a NAV uplift to 4,405p per share from 3,914p per share at 30 September 2015 – a total return of 15% in the six-month period and 28% over the 12 months to 31 March 2016. Electra's total share price return over the six month period was 9%, compared to a total return on the FTSE All-Share of 4%.

This excellent performance is a continuation of Electra's long-term track record. Over the 10 years to 31 March 2016, Electra's diluted NAV per share total return was 228%, compared to the Morningstar Private Equity Index's total NAV return of 30% over the same period.

Electra's share price also performed well over the same 10-year period, generating a total return of 182%, compared to the total return of -7% for the Morningstar Private Equity Share Price Index and 58% for the FTSE All-Share, both also over 10 years.

Electra's annualised net return on equity for the 10 years to 31 March 2016 was 13%; over the same period Electra's annualised share price return was 11%.

This is another set of very strong results for Electra and a continuation of the Company's strong, long-term performance record.

Investment Activity

Investment activity continues at a high level, with four new investments completed or committed in the period. As reported last time, pricing of bolt-on acquisitions represents an attractive alternative to new investments and Electra Partners have continued to seek out such opportunities. During the period five such bolt-ons were completed.

There has been a high level of realisation activity in the period. In aggregate, income and capital proceeds amounted to £384 million, nearly a quarter of the opening portfolio value. Three investments accounted for more than two thirds of this figure, being AXIO Data Group, Parkdean Resorts and Zensar Technologies.

Balance Sheet

Net cash at 31 March 2016 (after allowing for the ZDP Shares, which are repayable in August 2016) was £248 million. After taking into account the interim dividend and investments which are expected to complete in the near future, the resulting net liquid resources are anticipated to be approximately £185 million. There is no intention to extend the life of the ZDP Shares or to raise a new instrument once the ZDP Shares are repaid in August 2016.

In November 2015 the Company issued a Mandatory Conversion Notice to holders of its 5% Subordinated Convertible Bonds which resulted in the conversion of all of the outstanding Bonds into new ordinary shares on 29 December 2015. During the six month period in aggregate 85,369 bonds were converted into 4,215,593 new ordinary shares. As a result, £73 million of balance sheet debt has been retired and the Company's balance sheet and accounting requirements greatly simplified.

Dividend

In line with Electra's distribution policy the Company paid dividends totalling 116p in respect of the year to 30 September 2015.

The Board has declared an interim dividend in respect of the current year ending 30 September 2016 of 44p per ordinary share, equivalent to 1% of net asset value. The interim dividend will be paid on 24 June 2016 to shareholders on the Register of Members at the close of business on 13 May 2016.

Outlook

This is another set of very strong results for Electra and a continuation of the Company's strong, long-term performance record. Electra's existing strategy continues to deliver excellent value for shareholders, with profit growth and cash generation within the portfolio suggesting that the prospects for the future are very promising.

Kate Barker

Dame Kate Barker
Chairman
3 May 2016

The Manager's Report

About Electra Partners

Electra Partners is an independent private equity fund manager with over 25 years' experience.

During this time, the Electra Partners team has invested in excess of £4.7 billion in more than 200 deals. This track record of investing through numerous economic cycles gives Electra Partners both broad and deep experience across sectors, geographies and business models.

At 31 March 2016 Electra Partners had funds under management of £2.0 billion including capital available for investment of £400 million. Electra accounts for more than 95% of Electra Partners' funds under management; the balance is managed on behalf of US and European pension funds, asset managers and family offices.

Key Stats

Funds under management	£2.0bn
Invested in last 25 years	£4.7bn
Capital available for new investment	£400m
Team size	42
Investment team	15
Average senior management team experience	22 years

Superior Performance

Over the last ten years Electra, which is managed on an exclusive and fully discretionary basis by Electra Partners, has seen a NAV per share return of 228%. This is more than seven times the NAV per share return of the Morningstar Private Equity Index and is equivalent to a ten-year annualised return of 13%, in the upper part of Electra's target range of 10-15% over the long-term.

The Electra Partners team has delivered investment performance in the top quartile when compared with other private equity funds investing in Europe using data supplied by Preqin, a leading source of data and intelligence for the alternative assets industry.

	2006 fund	2009 fund	2012 fund
	Top 30%	Top quartile	Top quartile
Amount invested:	£436m	£361m	£784m
Distributions to Paid-In capital ("DPI"):	1.6x	0.9x	0.4x
Total Value to Paid-In capital ("TVPI"):	1.6x	1.8x	1.6x
Net IRR:	10.9%	22.7%	28.0%
Preqin 75^{th} percentile net IRR:	11.3%	17.0%	21.8%

In the performance analysis above, Electra's investments since the current investment strategy was adopted in 2006 are grouped into discrete funds. Each fund includes the new Buyouts and Co-investments, Secondaries and Debt investments made over a given three-year period and thus is comparable to the private equity funds whose data is provided by Preqin. This approach also mirrors the treatment of Electra's investments for the purposes of the carried interest schemes which are described on pages 62 to 64.

Note:
DPI, TVPI and IRR are standardised measures widely used in private equity to calculate and present investment performance. All three measures are described in greater detail in the Glossary on pages 76 to 78.

The Electra Difference – Flexible Capital

Electra's investment strategy and structure is different from that of almost every other private equity fund. This has two key implications:

Strategy

Electra Partners is able to invest across the full range of private equity opportunities: control and minority, equity and debt, direct and indirect. This means that it can tailor its investment strategy to suit changing market conditions and invest where many others cannot.

More specifically, Electra Partners' strategy is to focus on three areas of private equity investment:

1. **Buyouts and Co-investments:** direct investment in high-quality, well-managed businesses that have the potential for profits growth, through organic growth, operational improvement or acquisition. As lead investor, Electra Partners typically targets investments of £40 million to £150 million in UK-centric companies with an enterprise value of up to £300 million. Electra Partners also co-invests £30 million to £100 million in minority positions in UK or international companies alongside founders, other private equity firms, corporates or the public markets.

2. **Secondaries:** secondary purchases of existing investors' positions in either individual or portfolios of private equity funds, as well as acquisitions of portfolios of businesses, known as "secondary directs".

3. **Debt:** loans to UK or international borrowers acquired in either the primary or the secondary market as either individual or portfolios of assets. The Debt portfolio comprises: performing credits, held either directly or through a structured finance vehicle such as a collateralised loan obligation ("CLO"), where Electra Partners has been able to secure attractive risk-adjusted returns and where a cash yield supports Electra's distribution policy and liquidity needs; and stretched credits, which refers to debt in good businesses with bad balance sheets where Electra Partners can take a role in the restructuring of the capital structure.

Electra Partners applies the disciplines of buyout investing to its appraisal and management of investments in all three of these groups.

Timescale

Electra Partners is able to provide stable long-term capital. It doesn't face expiring investment periods or exit pressure driven by fund-raising cycles. This means that it can fully support investee companies with a long-term strategy and access to capital, and exit when returns are maximised for shareholders.

Electra Partners' Investment Approach

Buying Well
When making a new investment Electra Partners aims to find value by focusing on:

- **Complexity:** business or transaction complexity which causes attractive businesses to be undervalued; and
- **Buy-and-build:** growing platform businesses through bolt-on acquisitions which create value through greater scale, improved market positions and growth opportunities, as well as cost and revenue synergies.

Active Ownership
Electra Partners takes an active ownership approach to managing Electra's portfolio.

This means that before making a new investment, Electra Partners independently develops its own investment thesis and strategy, identifying the key drivers of investment return as part of its due diligence on each opportunity. It then works closely with a portfolio company's management team in order to implement this strategy, and engages more broadly with the portfolio company itself as well as the industry within which it operates. In particular Electra Partners contributes to the development of each portfolio company, and therefore to Electra's investment, in a range of areas including:

- **Management:** building the right management team by hiring experienced and ambitious people with the appropriate skills and talents, and by aligning their interests with Electra's through economic incentives;
- **Business performance:** on the basis of its own analysis and specialist external support, identifying opportunities to improve the company's growth effectiveness or efficiency;
- **Strategy:** agreeing long-term strategic objectives with the management team, ensuring the company has access to the resources required to deliver its strategy, measuring progress and taking appropriate action to correct any deviations from the agreed course;
- **M&A:** identifying, originating and executing add-on acquisition and merger opportunities using Electra Partners' extensive internal expertise and external networks; and managing the exit of each investment; and
- **Financing:** ensuring that the company has a financing structure appropriate to its objectives, for example where there is a short-term change programme underway which requires flexibility. Well-structured financing can also contribute to other objectives such as hedging a company's operational FX exposures.

Creating Returns
Electra Partners' investment approach enables it to create returns by exploiting three principal value drivers:

- **Profits growth:** through organic growth, operational improvement or acquisition;
- **Cash flow:** allowing businesses either to invest in future growth or to deleverage; and
- **Multiple expansion:** reflecting buying well, the benefits of Electra Partners' active ownership approach and selling well.

Electra Partners Investment Model

Electra Partners' investment team is managed by Managing Partner Alex Fortescue and Chief Investment Partner Bill Priestley and reports to the Investment Committee. Electra Partners operates a rigorous and disciplined investment model, as described below:

Investment Process: pre-investment: weekly and monthly investment team deal flow meetings; weekly and ad hoc Investment Committee meetings to consider new investments.

Investment Process: post-investment: weekly Investment Committee review of trading data; for each investment, 100-day review, biannual valuation process and annual strategy review.

Risk Management: pre- and post-investment: for new investments and the investment portfolio, the Investment Committee identifies, evaluates, monitors and manages risks including those relating to macroeconomic conditions, portfolio diversification, currency, liquidity and gearing, environmental matters.

Origination – creating deal flow:

Managing networks of intermediaries, industry experts and other introducers; thematic and sector analysis to identify interesting areas and businesses, for example using analysis of the effect of macro growth themes on individual sectors and sub-sectors; developing investment theses and strategies as well as relationships with target company management teams and vendors.

- 143 investment opportunities considered during the six months to 31 March 2016
- 100% of completed UK buyout deals in Electra's space seen in the period

Execution – making investments:

Evaluation and pricing of investment opportunities; in-house and third-party due diligence; raising debt from specialist capital markets; developing 100-day and business plans with management teams; winning deals; structuring, negotiation and closing.

- 1 Buyout and Co-investment, 1 Secondary and 4 Debt investments completed in the six months to 31 March 2016
- Over £350 million of new portfolio company debt raised in the period

Portfolio Management – creating returns:

Putting in place the right management team to drive profits growth and cash generation; working closely with the team to develop strategy, set targets, measure and manage performance; making use of M&A and financing; and dealing with problems and opportunities.

- 5 portfolio company M&A transactions completed in the six months to 31 March 2016
- 18% year-on-year profits growth in Buyouts and Co-investments portfolio*

Exit – realising the investment:

Identifying strategic/financial acquirers; timing the exit; creating buyer appetite and competitive tension; supplementing M&A with refinancings.

- £384 million of capital realised in the six months to 31 March 2016
- Including £163 million of cash returned from repayment of loans in the period

*Weighted average excluding property investments

Photobox Group
Personalised products and gifts

Investment Team

Electra Partners' senior management team is one of the most experienced teams in the industry and has on average 22 years' experience in private equity. The investment team has an average of 20 years' experience in private equity and is supported by a team of specialists in compliance, finance, investor relations and marketing. For more information about Electra Partners please visit www.electrapartners.com.

Alex Fortescue
Managing Partner
Years' private equity experience: 23

Bill Priestley
Chief Investment Partner
Years' private equity experience: 19

Alex Cooper-Evans
Partner
Years' private equity experience: 22

Charles Elkington
Partner
Years' private equity experience: 22

Chris Hanna
Partner
Years' private equity experience: 18

Steve Ozin
Partner
Years' private equity experience: 27

Zoe Clements
Investment Director
Years' private equity experience: 15

Sarah Williams
Investment Director
Years' private equity experience: 14

Owen Wilson
Investment Director
Years private equity experience: 16

Ian Wood
Investment Director
Years' private equity experience: 14

Nicola Gray
Investment Manager
Years' private equity experience: 6

Tom Stenhouse
Investment Manager
Years' private equity experience: 4

Hugh Mumford
Chairman of the
Investment Committee
Years' private equity experience: 35

David Symondson
Deputy Chairman of the
Investment Committee
Years' private equity experience: 33

Oliver Huntsman
Portfolio Manager
Years' private equity experience: 34

Investment Highlights

"We have successfully deployed £158 million of capital in growth assets as well as in lower-risk, cash-yielding assets that support Electra's distribution policy.

"The total investment return of £299 million, or 18% on the opening portfolio, once again reflects our success in buying attractive assets well and then driving performance with operational heavy-lifting and M&A strategies.

"Three of Electra's assets, namely Parkdean Resorts, The Original Bowling Company and Elian, have completed transformational M&A transactions which have enhanced their strategic value and growth prospects.

"Electra's portfolio offers considerable potential as the growth strategies we have in place at each portfolio company continue to take effect."

Overview

The six months to 31 March 2016 have been busy ones for Electra Partners.

We have invested or committed to invest £203 million in eight transactions, more than the £188 million invested in the whole of the previous year. While maintaining our customary discipline in respect of new investments, we have been able to deploy capital in growth assets, such as Photobox, as well as in lower-risk, cash-yielding assets, such as CLO equity, on attractive terms. The returns profile of the latter supports Electra's distribution policy and liquidity needs.

Investment performance has been strong, with a total return of £299 million or 18% on the opening portfolio. The continuation of our top-quartile investment performance record is the result of our success in buying attractive assets well, developing and actively implementing a clear strategy for each investment and finally selling well. This is reflected in the fact that more than half of the return has resulted from earnings growth and cash flow.

Approximately 50% of the portfolio return in the period has been generated by Parkdean Resorts, The Original Bowling Company and Elian. All three have in the six months to March completed transformational M&A transactions which had been initiated and led by the Electra Partners team.

We have realised £384 million from the portfolio, nearly a quarter of the opening portfolio value, as we have successfully turned investment performance into cash returns. This amount includes sizeable returns of capital by AXIO Data Group and Park Resorts Group, and two full realisations, those of Zensar Technologies and Daler-Rowney. Following these exits, Electra has achieved an average uplift over the prior valuation of 60% on realisations over the five years to 31 March 2016.

The classification of investments has been changed to reflect more closely our investment strategy. Investments previously described as "Direct Unlisted" are now shown as either "Buyouts and Co-Investments" or "Debt" investments; together with "Secondaries" these form the core investment portfolio, while "Funds" and "Listed" investments have been amalgamated into a new category labelled "Non-core".

Performance for the Half Year

During the six months, Electra's share price total return was 9% compared to a total return of 4% for the FTSE All-Share Index and a flat performance for the Morningstar Private Equity Index over the same period.

Electra's net asset value ("NAV") per share has grown very strongly, delivering a total return of 15% in the half year, to 4,405p, compared to a 7% NAV per share total return for the Morningstar Private Equity Index.

The investment portfolio continued to develop at an impressive rate, delivering a total return in the six months of £299 million or 18%. Further information regarding the effect of this strong investment performance on Electra's NAV is included in the Financial Review on pages 50 to 52.

Long-Term Performance

Over the last ten years, Electra's NAV per share total return has been 228%. This is more than 7x the NAV per share total return achieved over the same period by the Morningstar Private Equity Index of 30%.

Over the same time scale, Electra's share price total return was 182%. This corresponds favourably to the total return over the same period of both the FTSE All-Share (58%) and the Morningstar Private Equity Index (which had a negative total return of 7%).

Investment Activity

New investment and commitments to invest in the six months totalled £203 million. This is more than the £188 million invested in the whole of the previous financial year and includes an amount of £45 million in respect of Grainger Retirement Solutions which was committed at 31 March and is anticipated to complete shortly. Of the £158 million of new investment completed in the period, the Buyouts and Co-investments portfolio accounted for £93 million, including one new investment, in Photobox Group, and a follow-on investment in the Davies Group.

Realisations totalled £384 million for the six months, more than the whole of the previous year (£259 million). The largest realisations were £103 million from AXIO Data Group following the sale of MIMS; £95 million from the Park Resorts Group following its merger with Parkdean Holidays to create Parkdean Resorts; and £82 million from the sale of Electra's interest in Zensar Technologies.

Outlook

We expect further strong performance from Electra's portfolio as the strategies we are implementing in partnership with management teams create opportunities for accelerated growth. We anticipate that this further development of the portfolio will result in attractive, growth businesses which are of significant interest to strategic buyers and financial investors alike.

We continue to review opportunities to deploy Electra's capital in exciting new private equity investments. We have a strong pipeline with several new opportunities which are in the late stages of our evaluation. As ever, we approach these with patience and discipline.

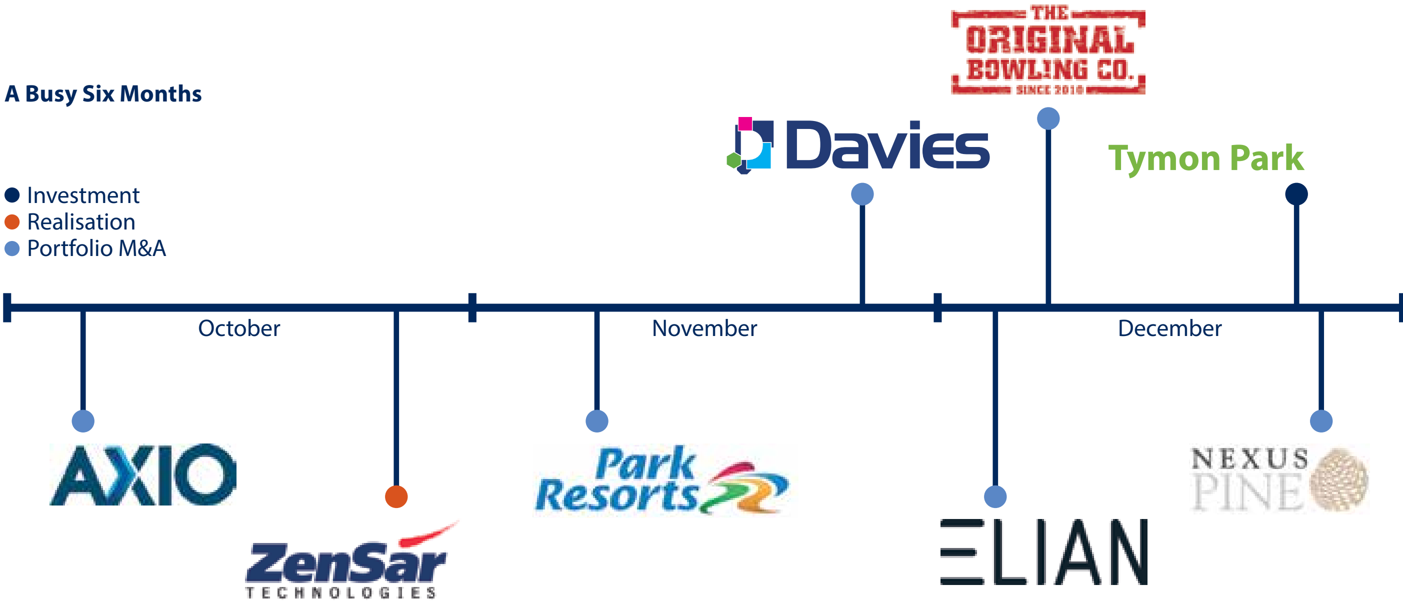
We expect further strong performance from Electra's portfolio as the strategies we are implementing in partnership with management teams create opportunities for accelerated growth.

Portfolio Highlights

Portfolio Breakdown

Total investment portfolio	£1,703m
New investment	£158m
Realisations	£384m
Portfolio investment performance in the six months	18%

A Busy Six Months

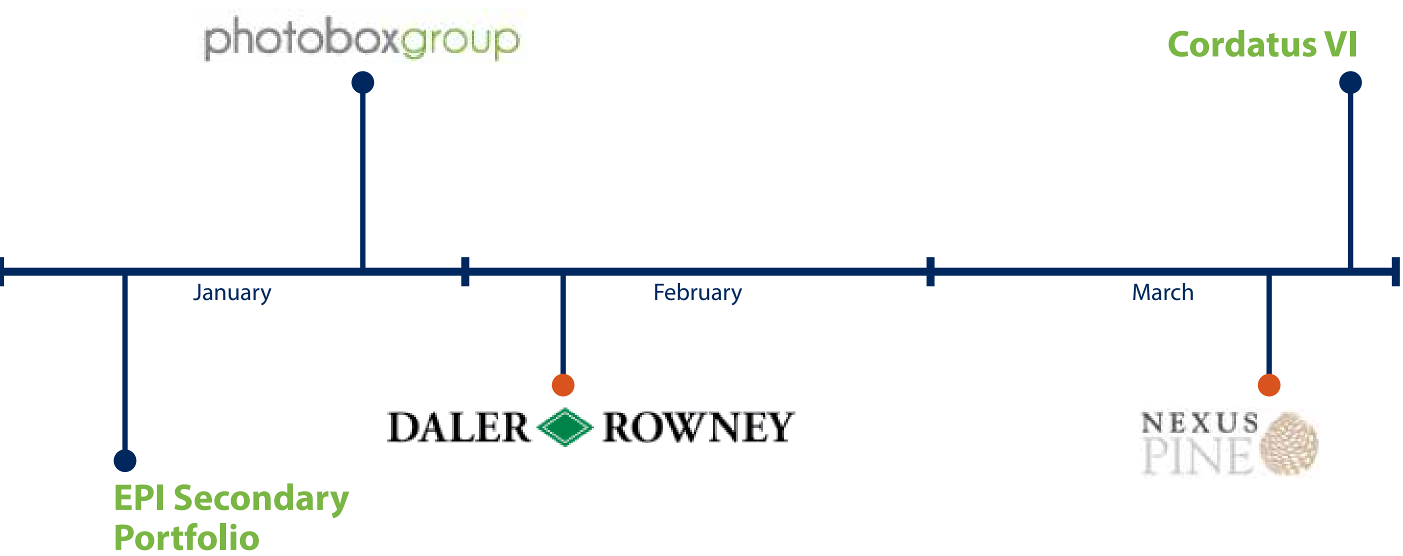


Buyouts and Co-investments Portfolio

Electra's Buyouts and Co-investments portfolio includes direct equity investments in eighteen private companies with a value of more than £5 million; of these, three are valued on a net assets basis while the remaining fifteen have together:

LTM revenues	£2.4bn
LTM EBITDA	£0.5bn
EBITDA margin	21%
LTM EBITDA growth	18%
EV to EBITDA multiple	9.3x
Net debt to EBITDA ratio	3.0x
UK employees	c.19,000

Note:
Revenues, EBITDA and UK employees are totals with no adjustment made to reflect Electra's ownership interest. EBITDA margin reflects LTM EBITDA as a percentage of LTM revenues. LTM EBITDA growth, EV to EBITDA multiple and net debt to EBITDA ratio are averages weighted by Electra's investment valuation.



Portfolio Overview

At 31 March 2016, Electra's investment portfolio was valued at £1,703 million. The investment portfolio consists of Buyouts and Co-investments, Secondaries, Debt investments, listed securities and funds. The top 10 and 20 investments account for 72% and 90% respectively of the investment portfolio.

Portfolio Breakdown

Investment Portfolio	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Buyouts and Co-investments	**1,448**	1,283	764	726	521
Secondaries	**86**	101	112	138	40
Debt	**59**	4	7	82	45
Core investment portfolio	**1,593**	1,388	883	946	606
Non-core investment portfolio	**110**	103	156	175	180
Investment portfolio	**1,703**	1,491	1,039	1,121	786

Buyouts and Co-investments

Buyouts and Co-investments form the major part of Electra's portfolio and consist of direct equity investments in 20 private companies with an aggregate value of £1,448 million. The 10 largest investments account for 83% of the Buyouts and Co-investments portfolio at 31 March 2016.

Secondaries

Secondary investments consist of limited partnership interests in third party private equity funds purchased from investors exiting their positions prior to the end of the fund's life. As a result of their relative maturity, secondary investments typically produce faster cash returns than Buyouts and Co-investments. At 31 March 2016, Electra held investments in six secondary portfolios with an aggregate value of £86 million.

Debt

Debt investments consist of loans to UK or international borrowers acquired in either the primary or the secondary market as either individual or portfolios of assets. The Debt portfolio comprises both performing credits, held either directly or through a structured finance vehicle such as a collateralised loan obligation ("CLO"), where Electra Partners has been able to secure attractive risk-adjusted returns and where a cash yield supports Electra's distribution policy and liquidity needs; and stretched credits, which refers to debt in good businesses with bad balance sheets where Electra Partners can take a role in the restructuring of the capital structure. At 31 March 2016 Electra held six Debt investments with an aggregate value of £59 million.

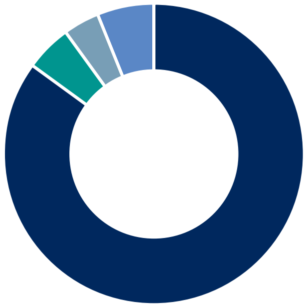
Core Investment Portfolio

The core investment portfolio includes investments where Electra Partners have an active role in originating, evaluating, negotiating and/or managing the investment. The core investment portfolio accounts for 94% of the investment portfolio at 31 March 2016 compared to 94% at 30 September 2015 and 93% at 31 March 2015.

Non-core Investment Portfolio

The Non-core investment portfolio consists of listed and fund investments (with the exception of Zensar Technologies which as a core investment is included within Buyouts and Co-investments above). At 31 March 2016, Electra held five listed investments with an aggregate value of £21 million. Fund investments consist of limited partnership interests in third party private equity funds where Electra made a primary commitment to that fund. New primary commitments to funds are no longer part of Electra's investment strategy. At 31 March 2016, Electra held investments in 12 funds with an aggregate value of £89 million.

Investment Portfolio Breakdown
At 31 March 2016 (31 March 2015)



Buyouts and Co-investments	85% (86%)
Secondaries	5% (7%)
Debt	4% (0%)
Non-core investment portfolio	6% (7%)

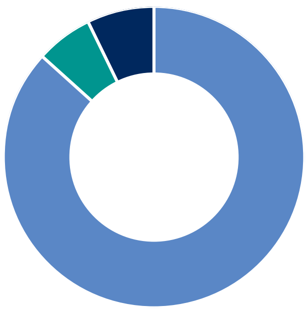
Investment Portfolio – Sector Breakdown
At 31 March 2016 (31 March 2015)

Food & beverage	1% (1%)
Financial & insurance	2% (2%)
House, leisure and personal goods	19% (14%)
Industrial general and transportation	8% (8%)
Media	10% (9%)
Real estate	3% (3%)
Private equity funds	6% (6%)
Secondaries	5% (7%)
Support services	15% (18%)
Technology, hardware and equipment	7% (6%)
Travel and leisure	22% (22%)
Other	2% (4%)

Buyouts and Co-investments – Age Analysis
At 31 March 2016 (31 March 2015)

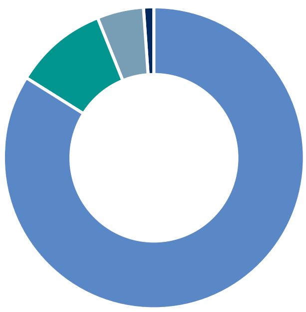
Less than 1 year old	6% (38%)
1–2 years	39% (28%)
2–3 years	19% (3%)
3-4 years	5% (19%)
Over 4 years	31% (12%)

Buyouts and Co-investments – Valuation Basis
At 31 March 2016 (31 March 2015)



Earnings basis	87% (85%)
Recent transaction	6% (8%)
Net assets basis	7% (7%)

Buyouts and Co-investments – Geographic Breakdown
At 31 March 2016 (31 March 2015)



UK	84% (79%)
Continental Europe	10% (9%)
USA	5% (6%)
Asia and elsewhere	1% (6%)

Portfolio Review

Portfolio Movement

Electra's investment portfolio increased from £1,630 million to £1,703 million during the six months to 31 March 2016. The increase of £73 million resulted from the acquisition of £158 million of new investments together with the portfolio return of £299 million, offset by realisations of £384 million.

Six months to 31 March	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Opening investment portfolio	1,630	1,272	968	868	883
Investments	158	129	134	204	92
Realisations	(384)	(121)	(152)	(112)	(268)
Total return	299	211	89	161	79
Closing investment portfolio	1,703	1,491	1,039	1,121	786
Total return on opening portfolio	18%	17%	9%	19%	9%

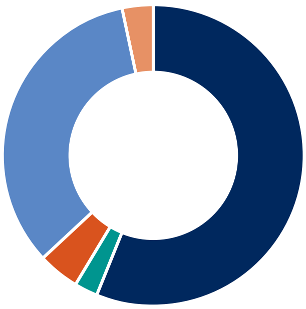
New Investments

Total new investment for the period reached £158 million compared to £129 million in the corresponding period of the previous year.

New Investments

£158m

"Total new investment for the period reached £158 million compared to £129 million in the corresponding period of the previous year."



Investment	
Photobox Group	£89m
Other Buyouts and Co-investments	£4m
Secondaries	£7m
Debt	£53m
Non-core	£5m

The most significant individual new investments were in respect of Photobox Group and the Debt portfolio transactions.

Buyouts and Co-investments

Photobox Group is Europe's leading digital consumer service for personalised products and gifts. Photobox's services allow consumers to turn their digital photographs into a range of products, from traditional prints and greetings cards to photobooks, calendars and canvases. Photobox is the market leader in Europe and is uniquely placed, due to its scale, to capture further growth as the overall trend for personalised gifts continues. Our strategy is to accelerate growth through improving the rate and economics of customer acquisition as well as product innovation, and to ensure that growth is delivered effectively and efficiently. Electra invested £89 million alongside another private equity firm in the acquisition of Photobox, which was concluded at an attractive valuation in January.

In December, Electra agreed to invest £45 million alongside another private equity firm in the acquisition of Grainger Retirement Solutions, an originator, consolidator and servicer of home reversion equity release plans with a portfolio of more than 3,500 properties across the UK. The investment offers an attractive risk-adjusted return benefiting from a cash yield and downside protection from the high level of asset backing. The intention is to optimise the return from the existing portfolio and to explore opportunities for organic and acquisition-led growth. Completion of the transaction is anticipated shortly.

Secondaries

The EP1 Secondary Portfolio ("EP1") acquired two further secondary fund positions. In common with its previous acquisitions, these funds were purchased at a discount to net asset value, comprise mature underlying assets and are cash-generative. Electra supported the acquisitions with a follow-on investment of £7 million, taking its total investment in EP1 to £93 million. Commitments outstanding to secondaries were £31 million compared to £23 million at 30 September 2015.

Total new investment for the period reached £158 million compared to £129 million in the corresponding period of the previous year.

Debt

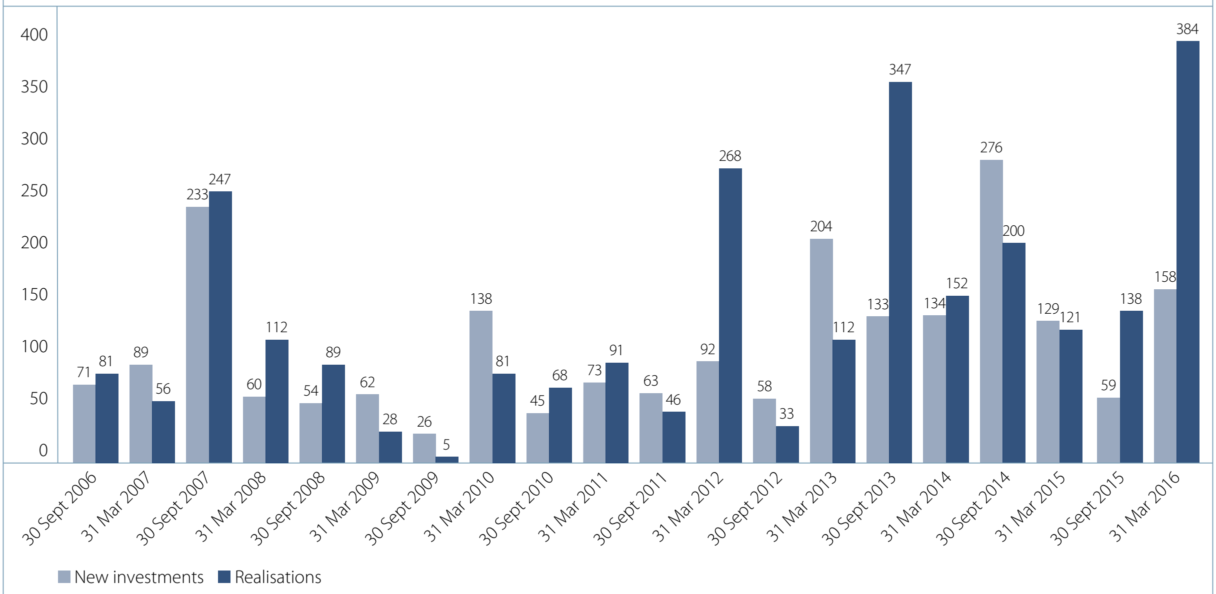
Electra has invested £32 million in the equity of two collateralised loan obligation funds ("CLOs"), namely Tymon Park and Cordatus VI. CLO equity offers strong risk-adjusted returns from a diversified portfolio of senior debt issued by predominantly private equity-backed issuers; much of the return is delivered as cash yield.

In December 2015, Electra provided a £10 million mezzanine loan to support the acquisition of Bowlplex by The Original Bowling Company ("TOBC"). Following completion of this acquisition TOBC operates 54 high-quality ten-pin bowling centres across the UK. Later in the same month Electra invested a further £11 million to acquire an interest in TOBC's senior debt at a discount to par.

Non-core Investment Portfolio

A further £5 million was drawn down by private equity funds in which Electra is a limited partner. Commitments outstanding to private equity funds were £24 million compared to £31 million at 30 September 2015.

New Investments and Realisations (£m) – Six months ended



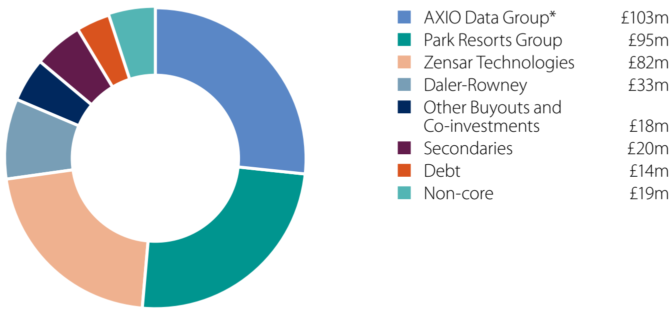
Realisations

Total realisations for the six months came to £384 million compared to £121 million in the corresponding period of the previous year.

Realisations

£384m

"Total realisations for the six months came to £384 million compared to £121 million in the corresponding period of the previous year."



*Net of £5 million of new loan notes issued on the restructuring of the AXIO group of companies.

The most significant realisations during the year were in respect of AXIO Data Group, Park Resorts Group, Zensar Technologies and Daler-Rowney.

Buyouts and Co-investments

The largest realisation during the period was in respect of AXIO Data Group. AXIO completed the sale of its Asian healthcare business, MIMS, for $250 million in October. This was the third major realisation from its portfolio following the sale of the JOC Group and Breakbulk in 2014. In the same month AXIO refinanced its aviation business, OAG. Electra received proceeds from these two transactions and from cash flow amounting to £103 million during the six months to 31 March 2016. Electra has now received total cash proceeds of £186 million or 2.1x original investment cost from its investment in AXIO, whose remaining businesses have profits of over £20 million.

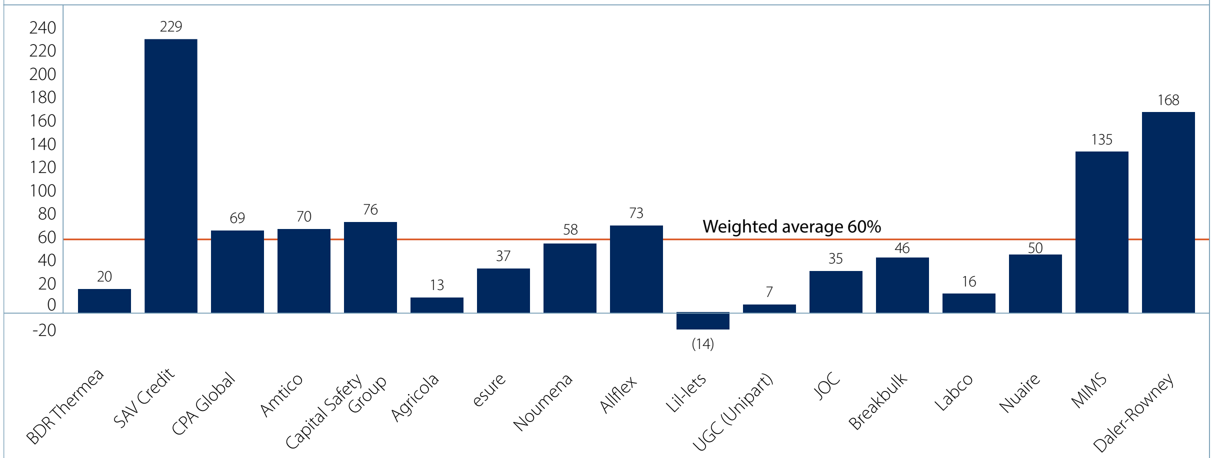
Electra received £95 million of loan repayments following completion of the merger of the Park Resorts Group and Parkdean Holidays in November. This took total proceeds received by Electra from this investment to £109 million or 82% of original investment cost.

The investment in Zensar Technologies was sold in October 2015 for a consideration of £82 million. The intention had been to support the company as it grew and then to seek an exit once the market's valuation of the shares reflected the company's scale and growth. Over the past five years profits have grown at a compound annual rate of 13% while the ratio of enterprise value to EBITDA has increased from approximately 3.5x to 9x and the value of Electra's investment has more than trebled. The investment generated a return of 19x on original cost over the 18 years of the investment, an IRR of 18%.

In February, Electra sold its interest in fine art materials supplier Daler-Rowney. Following a period of underperformance in 2014, Electra Partners strengthened the management team and initiated a performance improvement programme. These actions cemented the company's attractive positions in niche markets, improved its operational and financial performance, and created good growth prospects for the years to come; as a result the business was well positioned for an exit to a strategic buyer. Electra received proceeds of £33 million from the sale, representing an uplift of 168% on the previous valuation and equivalent to a return of 1.7x original cost, a 12% IRR.

In respect of Buyouts and Co-investments valued by Electra Partners, over the past five years Electra has achieved on realisation an average uplift over the prior valuation* of 60%:

Uplift (%)



*Except where the prior valuation at the time reflected the impending realisation, in which case the "prior, prior" valuation has been used.

Other realisation proceeds from the Buyouts and Co-investments portfolio include £4 million from the redemption of preference shares by Premier Asset Management; and £3 million from Promontoria, which continues to realise its portfolio of retail properties.

Secondaries

The Secondaries portfolio produced realisations of £20 million in the six months.

The largest component was the EP1 Secondary Portfolio, from which Electra received distributions totalling £12 million. This takes total distributions from the EP1 Secondary Portfolio to £80 million, or more than 85% of cost, and the total return on the investment to 1.6x cost.

AC Infraestructuras distributed £6 million to Electra following the sale of its largest asset, Metro Ligero Oeste. This took total proceeds since the investment was made in December 2015 to 116% of cost, and the total return to 2.1x cost.

Debt

In March PINE entered into a new £41 million borrowing facility which allowed the repayment of £13 million of debt held by Electra and £7 million of capital included in the Buyouts and Co-investments portfolio.

Non-core Investment Portfolio

Electra received £19 million from private equity funds in which it held a limited partnership interest.

Investment Performance

During the six months to 31 March 2016 Electra's investment portfolio generated a total return of £299 million, an increase of 18% on the opening portfolio of £1,630 million.

Six months to 31 March	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Buyouts and Co-investments	268	197	80	117	82
Secondaries	7	5	3	36	7
Debt	3	2	(3)	3	3
Non-core	21	7	9	5	(1)
Total return	299	211	89	161	91

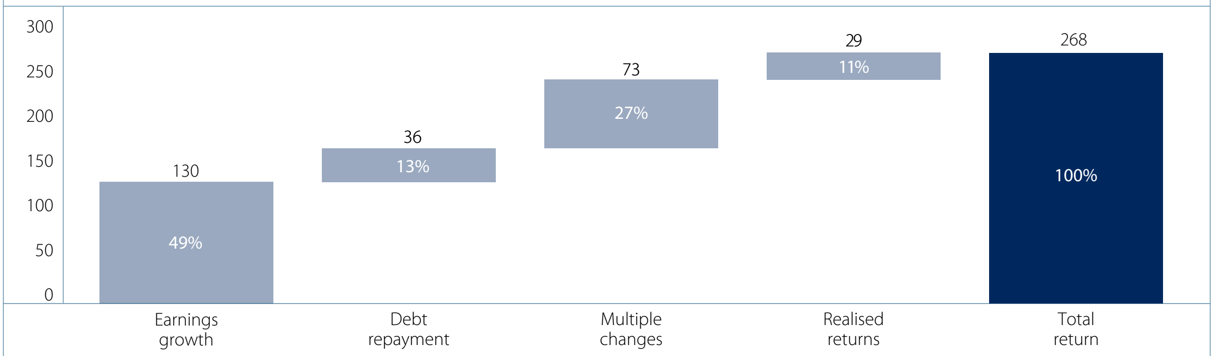
The return arose principally from the Buyouts and Co-investments portfolio which generated a total return of £268 million, representing an increase of 19%; the Secondaries portfolio contributed £7 million to the total return, an increase of 8%; and the Debt portfolio provided £3 million, an increase of 19%. The non-core investment portfolio contributed £21 million, or 19% on the opening portfolio.

Buyouts and Co-investments

In the six months to 31 March 2016 the total return of £268 million from the Buyouts and Co-investments portfolio included £29 million of realised gains with the balance being unrealised. Unrealised appreciation included £130 million of valuation growth resulting from organic growth in maintainable earnings, £36 million in respect of debt repayment by portfolio companies and £73 million as a result of changes in multiples used for valuation.

More than three quarters of the gains from multiple changes were contributed by AXIO Data Group and Elian. In respect of AXIO, this reflects recent comparable transactions, including those in which AXIO itself has been the seller, as well as the continued outperformance against the investment plan by certain of AXIO's businesses. In respect of Elian, there has been a recent improvement in the availability of directly comparable public company and private transaction valuation multiples; together with the company's greater scale and improved performance, this has led to an increase in the valuation multiple used.

Analysis of Gains £m



The most significant increases in valuation arose in respect of Parkdean Resorts, AXIO Data Group, Elian, The Original Bowling Company and Audiotonix.

The merger of the Park Resorts Group with Parkdean Holidays to create Parkdean Resorts completed in November, with Electra owning a 45% equity interest in the combined group. Electra initially invested in Park Resorts in 2012, buying the company's senior debt before taking an equity position in a refinancing led by Electra Partners in 2013. This refinancing allowed Electra Partners to implement a strategy of margin improvement, growth investment and M&A which increased group EBITDA from £32 million in 2012 to £68 million in 2015. The merger combined two complementary portfolios of holiday parks to create a nationwide operator with 72 sites and EBITDA of over £100 million. Strong financial performance in 2015 coupled with the successful execution of the merger integration plan has resulted in an £80 million increase in the valuation of Electra's investment. The total return on the investment now stands at 2.9x original cost.

The return arose principally from the Buyouts and Co-investments portfolio which generated a total return of £268 million, representing an increase of 19%

The continued focus of AXIO's four remaining divisions on growth combined with cost discipline resulted in their aggregate earnings growing by 15% in 2015. The valuation of Electra's investment increased by £63 million as a result of this earnings growth, an increase in the valuation multiple and cash flow. The total return on the investment now stands at 3.8x original cost and AXIO has returned 2.1x original cost in cash to Electra having sold less than 50% of the profits it acquired in 2013.

Elian continues to perform ahead of the Electra Partners investment case. Earnings growth reached 11% in the financial year to January 2016 as a result of initiatives implemented by Electra Partners and the company's management in respect of new business development, product expansion and cost rationalisation. These same initiatives are expected to contribute to future growth. In December Elian acquired SFM, a leading provider of corporate services to the structured finance market. This acquisition has brought increased scale, greater international reach and complementary product areas and its integration with Elian's business is ongoing. The valuation of Electra's investment in Elian increased by £39 million as a result of earnings growth, an increase in the valuation multiple and cash flow. The total return on the investment now stands at 2.0x original cost.

The valuation of Electra's equity investment in The Original Bowling Company ("TOBC") increased by £31 million as a result of earnings growth, cash flow and the completion of the acquisition of Bowlplex in December. Earnings growth has resulted from strong operational management of the estate and is expected to continue, complemented by the integration and refurbishment of the newly-acquired Bowlplex sites. The total return on the equity investment now stands at 2.7x original cost.

Audiotonix's financial performance remains strong as a result of successful product launches, improved sales execution and further cost efficiencies; future growth is expected from these same sources. The valuation of Electra's investment has increased by £25 million as a result of earnings growth, an increase in the valuation multiple reflecting the successful integration of the Allen & Heath, DiGiCo and Calrec businesses into a single business of scale, and cash flow. The total return on the investment now stands at 1.9x original cost.

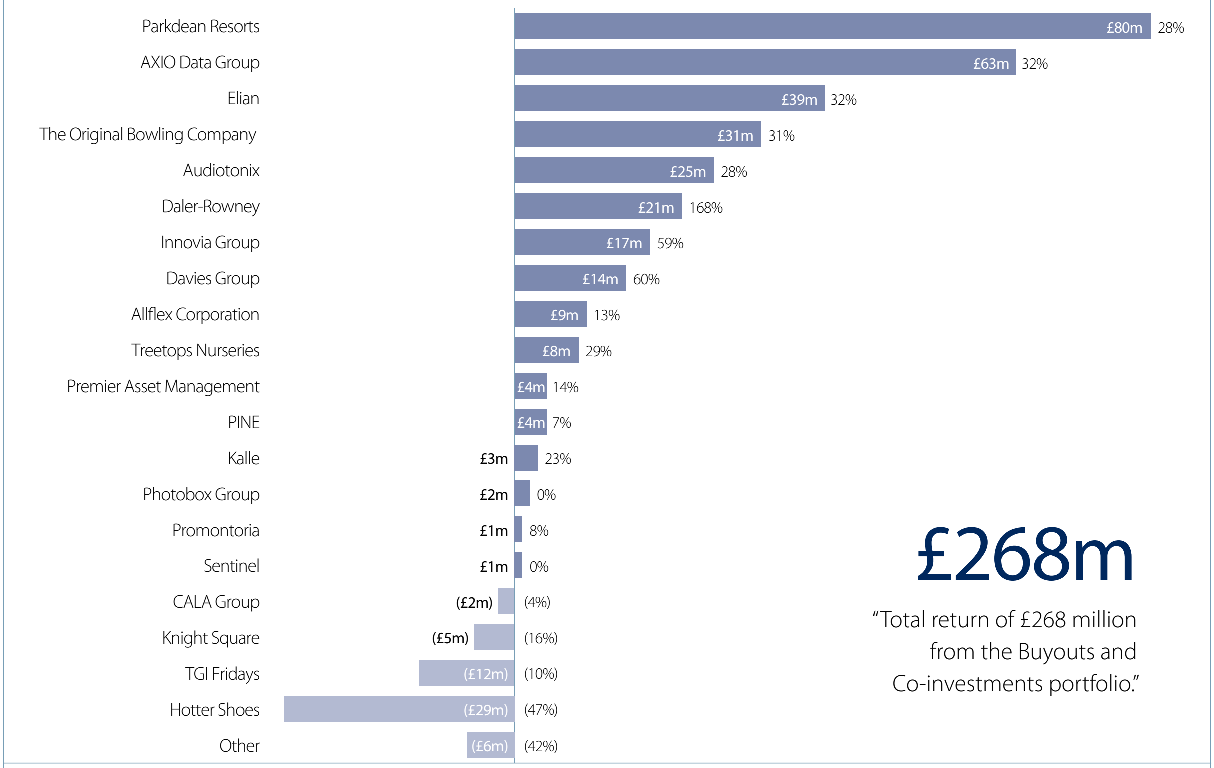
The largest valuation decreases were in respect of Hotter Shoes and TGI Fridays.

The performance of Hotter Shoes has been disappointing. Revenues have continued to grow, at a rate of 5% in the financial year to January 2016, however profits have fallen due to operational challenges and some difficulties with scaling processes and systems to the increasing size and complexity of the business. This has been compounded by difficult conditions in the UK clothing retail market. As a result the valuation of Electra's investment has reduced by £29 million to 0.4x original cost. A number of steps have been taken in response, including appointing a new Chief Executive and focusing on short-term profit improvement measures.

The valuation of Electra's investment in TGI Fridays was reduced by £12 million reflecting a decline in comparable company multiples as a result of a deterioration in trading conditions in the UK casual dining market over the winter. TGI Fridays has seen some impact from this deterioration in its trading and a number of product, marketing and cost improvements have been implemented in response. The total return on the investment now stands at 1.1x original cost.

The table below shows the valuation changes in respect of Electra's Buyouts and Co-investments portfolio.

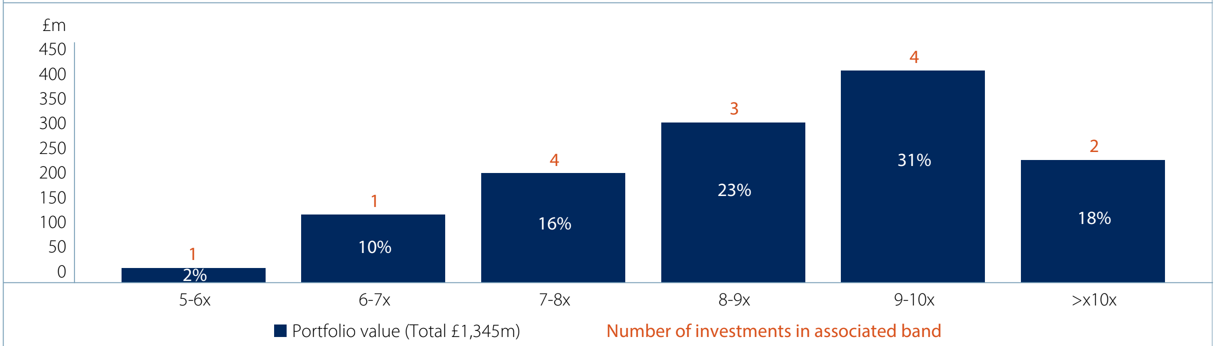
Direct Unlisted Investments – Valuation Changes



Buyouts and Co-investments – Valuation Multiples

The valuation of Buyouts and Co-investments reflected a weighted average EV:EBITDA ratio of 9.3x at 31 March 2016 compared to 8.6x at 30 September 2015 and 8.7x at 31 March 2015.

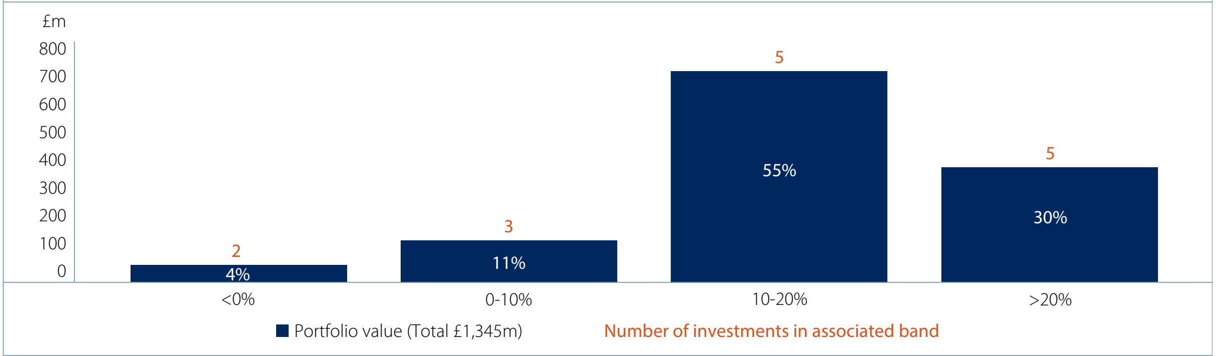
Buyouts and Co-investments – Valuation Multiples



Note: All investments over £5 million with the exception of CALA Group, Promontoria and PINE which are valued on a net assets basis.

Buyouts and Co-investments – Profit Growth
The EBITDA of companies in the Buyouts and Co-investments portfolio grew by a weighted average of 18% in the last twelve months compared to the previous twelve months. Bolt-on acquisitions by portfolio companies accounted for approximately three percentage points of this growth.

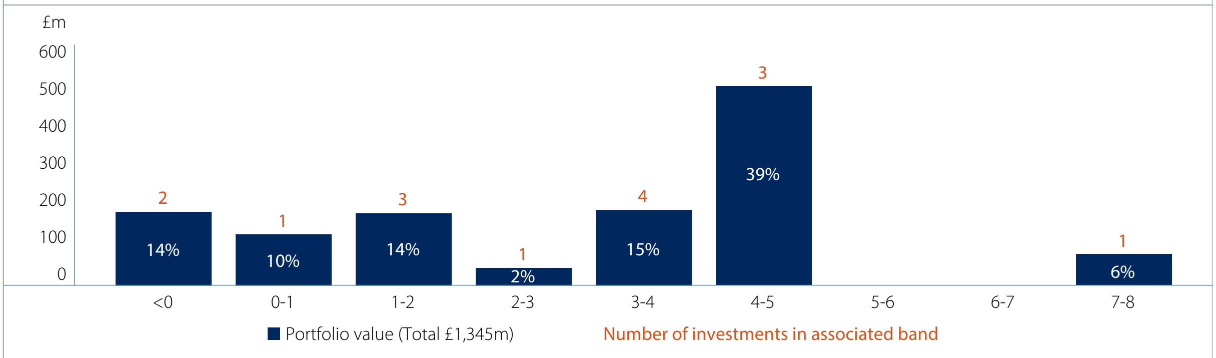
Buyouts and Co-investments – EBITDA Growth Rates



Note: All investments over £5 million with the exception of CALA Group, Promontoria and PINE which are valued on a net assets basis.

Buyouts and Co-investments – Debt/EBITDA ratio
The weighted average ratio of net debt to EBITDA across the Buyouts and Co-investments portfolio was 3.0x at 31 March 2016 compared to 2.5x at September 2015 and 2.6x at 31 March 2015.

Buyouts and Co-investments – Debt/EBITDA ratio



Note: All investments over £5 million with the exception of CALA Group, Promontoria and PINE which are valued on a net assets basis.

Alex Fortescue
Managing Partner
Electra Partners LLP
3 May 2016

Market Review

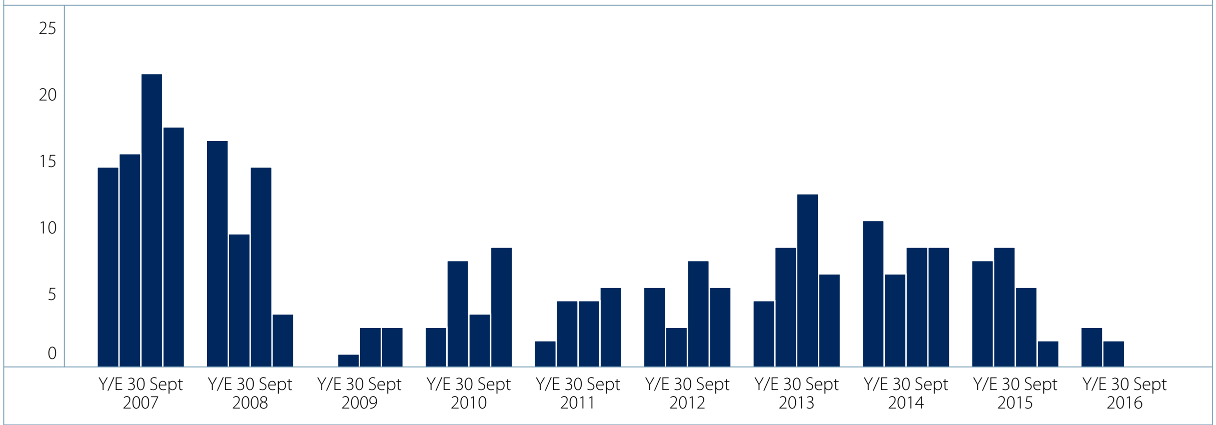
"We have seen an increase in our investment activity levels in the first half of this year and have an exciting pipeline of new opportunities across our three strategies."

Market deal volumes

Deal volumes in the six months to 31 March 2016 were substantially below the levels seen last year, with just five private equity deals in the UK in the £75 million to £300 million range. This is also behind both 2014 (18) and 2013 (14).

We are confident we continue to see the majority of deals in Electra's size range. Of the five private equity deals completed in the UK in the six months to 31 March 2016, Electra Partners considered all of them (100%).

Quarterly UK deal volumes for the year ended 30 September (£75 million to £300 million)



Source: MergerMarket (completed deals where EV is provided)

Deal Pricing

Deal pricing has decreased slightly over the past six months. The average entry multiple for UK buyouts valued at over £10 million was 10.7x EBITDA compared to 11.4x in the year to 30 September 2015 and 10.5x in the year to 30 September 2014 (source: CMBOR).

Our weighted average entry multiple (for the eighteen months to 31 March 2016) was 8.8x EBITDA. This remains significantly below that of the wider market reflecting Electra Partners' ability to find value in a competitive market by working hard to deliver additional bolt-on acquisitions for portfolio companies.

Our deal pipeline of new opportunities remains strong and we continue to see plenty of exciting opportunities across our three strategies: Buyouts and Co-investments, Secondaries and Debt.

In January we committed to invest £45 million in the acquisition of Grainger Retirement Solutions, with the transaction expected to complete shortly and we expect to be able to put to work a meaningful portion of Electra's firepower in the second half of the financial year.

Bill Priestley
Chief Investment Partner
Electra Partners LLP
3 May 2016

New Investment

PHOTOBOX GROUP

Date of initial investment:	Jan 2016
Type of deal:	Buyout
Equity ownership:	37%
Original cost:	£89 million
Amount realised:	£2 million
Valuation:	£89 million
Valuation:	Based on price of recent investment
Multiple of cost:	1.0x
IRR:	13%
Location:	Europe
Website:	www.group.photobox.com
Management:	Stan Laurent, CEO; Douglas McCallum, Chairman

In January 2016, Electra Partners invested £89 million in the acquisition of Photobox Group ("Photobox") alongside Exponent Private Equity.

Photobox is Europe's leading digital consumer service for personalised products and gifts. It enables millions of customers to share memories by turning their digital photographs into a range of personalised products and gifts, from traditional prints and greetings cards to photobooks, calendars and canvases, using the group's websites, installed software and mobile applications. Products are manufactured at one of the group's five production facilities and sold across Europe through the PhotoBox, Moonpig, PaperShaker, Sticky9, Hofmann, Posterjack and posterXXL brands.

Photobox is the European market leader and due to its scale is well placed to capture further market growth, which is expected to continue as a result of the growth in digital photography as well as an increased propensity to purchase personalised products. Our strategy is to accelerate growth through improving the rate and economics of customer acquisition as well as through product innovation, and to ensure that growth is delivered effectively and efficiently.

Performance has been ahead of the Electra Partners investment case since the acquisition was agreed in October 2015, a period which has included a number of peak trading periods around Christmas, Valentine's Day and Mothering Sunday.

photoboxgroup

Realisations

DALER-ROWNEY

Date of initial investment:	Mar 2011
Date of realisation:	Feb 2016
Type of deal:	Buyout
Original cost:	£20 million
Proceeds:	£33 million
Multiple of cost:	1.7x
IRR:	12%
Location:	International
Website:	www.daler-rowney.co.uk
Management:	Patrick Giraud, CEO; Chris Parratt, Chairman

DALER ROWNEY

In 2011 Electra made a £17 million equity investment in support of the buyout of Daler-Rowney from private shareholders. Electra invested a further £3 million in 2014 in order to provide additional liquidity.

Headquartered in Bracknell, Berkshire, Daler-Rowney is one of the largest suppliers of fine art materials in the world. The company has a long history of product innovation (its history dates to 1783) and its comprehensive product range includes artists' paints, brushes, papers and canvases which meet the needs of artists of all kinds, from beginners to professionals. The company manufactures its products in the UK and the Dominican Republic and sells in more than ninety countries worldwide.

The investment strategy was to continue organic growth, with investment in product development and in sales and marketing, and to grow through acquisition. In 2013 the company acquired the business of Dr. Fr. Schoenfeld GmbH & Co, a leading manufacturer of fine arts colours under the Lukas and Nerchau brands, thus becoming the market leader in German-speaking Europe.

Following a period of underperformance in 2014, Electra Partners strengthened the management team and initiated a performance improvement programme. These actions cemented the company's attractive positions in niche markets, improved its operational and financial performance, and created good growth prospects for the years to come; as a result the business was well positioned for an exit to a strategic buyer. Electra received proceeds of £33 million from the sale, representing an uplift of 168% on the valuation at 30 September 2015 and equivalent to a return of 1.7x original cost, a 12% IRR.

ZENSAR TECHNOLOGIES

Date of initial investment:	Sep 1997
Date of realisation:	Oct 2015
Type of deal:	Co-investment
Original cost:	£4 million
Proceeds:	£82 million
Multiple of cost:	19.3x
IRR:	18%
Location:	International
Website:	www.zensar.com
Management:	Ganesh Natarajan, CEO; Harsh Goenka, Chairman

In 1997 Electra invested US$9 million in the equity of an unquoted subsidiary of Mumbai-listed parent, Zensar Technologies. In 2001 the listed parent closed down its operations and the unlisted subsidiary performed a reverse merger. This resulted in Electra owning shares in the listed entity.

Zensar is a provider of software development services to large corporates, offering both an onsite and an offsite service. Onsite services consist of contracts, whereby Zensar provides software engineers to work on customers' premises (mainly in the US and UK) whereas for the offsite business the work is undertaken by Zensar's software professionals located in its software development centres in India.

As an early entrant to the software services market and having established strong customer relationships and a good reputation, Zensar was well positioned to be able to grow in the sector. The company has an acquisition strategy to add niche capabilities and to bulk up.

Today the company employs over 8,000 people at 20 locations around the globe. The company has a global reach operating in the US, Europe, Africa, Middle East, Singapore and Australia and has delivery centres in India (Pune, Hyderabad, Delhi and Bangalore), South Africa, the UK, Amsterdam and the USA (Westborough).

In October 2015 Electra sold its interest in Zensar for a consideration of £82 million. Together with £7 million of proceeds from dividends and sales of shares, this generated a total return of 19x original cost, an IRR of 18%.

ZenSar TECHNOLOGIES

Key Investments

	Fair Value of holding at 30 Sep 2015 £m	Net payments/ (receipts) £m	Performance in period £m	Fair Value of holding at 31 Mar 2016 £m
Buyouts and Co-investments				
Parkdean Resorts	287	(95)	80	272
AXIO Data Group	200	(103)	63	160
Elian	120	–	39	159
The Original Bowling Company	103	(1)	31	133
Audiotonix	91	–	25	116
TGI Fridays	113	–	(12)	101
Photobox Group	–	87	2	89
Allflex Corporation	73	–	9	82
CALA Group	50	–	(2)	48
Innovia Group	30	–	17	47
PINE	43	(7)	4	40
Davies Group	23	1	14	38
Treetops Nurseries	27	–	8	35
Premier Asset Management	33	(4)	4	33
Hotter Shoes	61	–	(29)	32
Knight Square	34	–	(5)	29
Kalle	14	–	3	17
	1,302	(122)	251	1,431
Other	116	(116)	17	17
Total Buyouts and Co-investments	1,418	(238)	268	1,448
Secondaries				
EP1 Secondary Portfolio	68	(4)	7	71
Other	24	(9)	–	15
Total Secondaries	92	(13)	7	86
Debt				
Cordatus VI	–	19	–	19
Tymon Park	–	13	1	14
TOBC Senior	–	11	1	12
TOBC Mezzanine	–	10	–	10
	–	53	2	55
Other	17	(14)	1	4
Total Debt	17	39	3	59
Non-core Investments				
Listed	17	–	4	21
Funds	86	(14)	17	89
Total Non-core Investments	103	(14)	21	110
TOTAL INVESTMENT PORTFOLIO	1,630	(226)	299	1,703

Large Buyouts and Co-investments

PARKDEAN RESORTS

Date of initial investment:	Jan 2012
Type of deal:	Buyout
Equity ownership:	45%
Original cost:	£132 million
Amount realised:	£109 million
Valuation:	£272 million
Valuation:	Based on multiple of earnings
Multiple of cost:	2.9x
IRR:	44%
Location:	UK
Website:	www.park-resorts.com; www.parkdeanholidays.co.uk
Management:	John Waterworth, CEO; Alan Parker, CBE, Chairman

Parkdean Resorts
Creating Amazing Memories

In 2012 Electra acquired senior debt in Park Resorts for £70 million at a significant discount to face value, making Electra the largest lender to the group. Electra Partners' strategy was to take an equity position in Park Resorts through a restructuring of the company's debt and thereafter to grow the business organically and through acquisition.

This strategy was delivered through a refinancing led by Electra Partners in 2013; the acquisitions of South Lakeland Parks, Southview and Manor Park and the Summerfields Holiday Park (together with Park Resorts, the "Park Resorts Group"); and a number of investment and margin improvement programmes. In November Electra merged the Park Resorts Group with Parkdean Holidays to create Parkdean Resorts.

Parkdean is a leading UK operator of caravan holiday parks with 35,000 pitches across 72 sites nationwide with EBITDA in excess of £100 million. The company operates in a defensive, fragmented sector supported by customer demographics and strong value propositions. Future growth is expected to come from investment in park facilities and capacity as well as acquisitions supplemented by sales and cost synergies resulting from the merger.

Aggregate revenue and profits growth were 8% and 16% respectively in 2015. During the quieter winter months the company has focused on a number of growth investment programmes as well as on post-merger integration. These initiatives are expected to support further profits growth in the current financial year.

AXIO DATA GROUP

Date of initial investment:	Apr 2013
Type of deal:	Buyout
Equity ownership:	69%
Original cost:	£91 million
Amount realised:	£186 million
Valuation:	£160 million
Valuation:	Based on multiple of earnings
Multiple of cost:	3.8x
IRR:	76%
Location:	International
Website:	www.axiogroup.net
Management:	Henry Elkington, CEO; Hans Gieskes, Chairman

In 2013 Electra invested £91 million in debt and equity to finance the £148 million acquisition of UBM plc's Data Services division, since renamed AXIO Data Group.

AXIO originally comprised seven information businesses serving a range of sectors in over 25 countries: healthcare, intellectual property licensing, containerised trade and breakbulk services, aviation and forest products.

AXIO's businesses are defensive by virtue of their industry and geographic diversity. Its strong brands occupy leadership positions in niche markets and it is robust and cash-generative. The investment plan is to transform each business by developing the right long-term strategy and delivering through operational improvement and M&A, and then to realise multiple expansion by selling the portfolio's components to strategic acquirers.

AXIO has now sold three of its seven businesses, namely JOC Group, Breakbulk and, most recently, MIMS. All three of these sales have been to strategic acquirers at valuation multiples more than twice Electra's entry multiple. Following these transactions, in which AXIO has sold businesses representing less than 50% of the profits it acquired in 2013, Electra has received total cash proceeds from the investment of £186 million, 2.1x original cost.

The group now comprises OAG, a global leader in aviation information and intelligence; Vidal Group, a leading European healthcare informatics and information systems company; TechInsights, the global leader in intellectual property consulting and technical reverse engineering; and RISI, the leading information provider for the global forest products industry. These companies have continued to make progress, developing growth and business improvement initiatives, and produced sales and profits growth of 5% and 15% respectively in 2015.

ELIAN

Date of initial investment:	Jun 2014
Type of deal:	Buyout
Equity ownership:	59%
Original cost:	£81 million
Amount realised:	£7 million
Valuation:	£159 million
Valuation:	Based on multiple of earnings
Multiple of cost:	2.0x
IRR:	55%
Location:	International
Website:	www.elian.com
Management:	Paul Willing, CEO; John Connolly, Chairman

ELIAN

In June 2014 Electra made an £81 million equity investment in the £180 million management buyout of Elian, formerly Ogier Fiduciary Services, from Ogier LLP.

Elian is a leading provider of offshore trust, fund and company administration services employing 550 people. It is headquartered in Jersey and has operations in Cayman, Luxembourg, Guernsey, BVI, Bahrain, Hong Kong, Dublin, New York, Tokyo and London. The company serves 3,000 corporate, private and investment fund clients worldwide.

The business enjoys a high level of recurring revenue and strong cash generation. It has a blue chip client base and strong relationships with its regulators. Its fragmented, global market benefits from high barriers to entry as well as a number of growth drivers: demand is driven not only by legislation and regulation which favour larger players, but also by the increasing levels of international trade and investment which require corporate or fund structures to be established and administered.

Elian is continuing to grow by developing its international office network, expanding the team and in particular through acquisition. To date Elian has completed two bolt-on acquisitions: SFM Europe, a leading provider of corporate services with more than €1 trillion of assets under administration, and Allied Trust, a small private wealth business in Jersey. These acquisitions are highly complementary to Elian's growth strategy, expanding the business's international reach and adding additional product expertise.

Revenue and profits growth for the year to January 2016 were 8% and 11% respectively and Elian's financial performance continues to exceed the Electra Partners investment case. This performance is the result of the business development initiatives, increased commercial insight and continuing drive for internal efficiencies, all of which have been a focus of Electra Partners' efforts.

THE ORIGINAL BOWLING COMPANY

Date of initial investment:	Sep 2014
Type of deal:	Buyout
Equity ownership:	85%
Original equity cost:	£50 million
Equity amount realised:	£2 million
Equity valuation:	£133 million
Equity multiple of cost:	2.7x
Equity IRR:	94%
Original debt cost:	£21 million
Debt valuation:	£22 million
Valuation:	Based on multiple of earnings
Location:	UK
Website:	www.amf-bowling.co.uk; www.hollywoodbowl.co.uk
Management:	Steve Burns, CEO ; Peter Boddy, Chairman

THE ORIGINAL BOWLING CO. SINCE 2010

In September 2014 Electra made a £50 million equity investment in the £91 million management buyout of The Original Bowling Company ("TOBC") from private shareholders and CBPE Capital. In December 2015 TOBC completed the acquisition of Bowlplex, adding 10 ten-pin bowling centres to the existing portfolio. Electra invested £10 million by way of a mezzanine loan to finance the acquisition. Later in the same month Electra invested a further £11 million to pre-emptively acquire a portion of TOBC's senior debt at a discount to par, from one of its lenders who was exiting the senior debt market.

TOBC operates 54 ten-pin bowling centres under the Hollywood Bowl, AMF and Bowlplex brands. The company offers high-quality bowling centres, predominantly located in leisure or retail parks, which offer a complete family entertainment experience with restaurants, licenced bars and state-of-the-art family games arcades.

Ten-pin bowling is a robust and growing part of the UK leisure sector, offering opportunities for further expansion through new openings. TOBC is the UK market leader and has grown ahead of the market thanks to its history of investment in sites and customer experience, as a result of which its estate is well positioned to make further advances.

TOBC's historical growth trend is expected to continue with close management of the existing estate in order to optimise yield and return on capital. The business plan also anticipates growth through site refurbishments and openings and through M&A.

The Bowlplex acquisition was completed in December and the integration of the new sites is proceeding to plan. Revenue and profits growth in the year to September 2015 was 9% and 31% respectively; profits in the first year of the investment have already reached the level foreseen for the third year in Electra Partners' investment case. This strong performance is the result of strong operational management of the estate and is expected to continue, complemented by the integration, operational improvement and refurbishment of the newly-acquired Bowlplex sites.

AUDIOTONIX

Date of initial investment:	Aug 2014
Type of deal:	Buyout
Equity ownership:	58%
Original cost:	£64 million
Amount realised:	£4 million
Valuation:	£116 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.9x
IRR:	42%
Location:	UK
Website:	www.audiotonix.com
Management:	James Gordon, CEO; Malcolm Miller, Chairman

In 2013 Electra invested £42 million in the acquisition of Allen & Heath. In March 2014 Electra invested a further £15 million in Allen & Heath for the acquisition of Calrec. In August 2014 Allen & Heath was merged with DiGiCo to create a new professional audio group valued at £143 million. Electra retained a 58% interest in the new group at a cost of £64 million.

Allen & Heath, Calrec and DiGiCo all design and manufacture audio mixing consoles used to manage live sound in settings ranging from concert venues or houses of worship to live television broadcasts. All three businesses have strong premium brands, well-regarded products and a history of product innovation. The group sells worldwide, with over 90% of revenues derived outside the UK. The global market for professional audio products is growing, fuelled by an increasing number of live events in both developed and developing markets.

The business is gaining market share by optimising new product development and sales and marketing activities across the brand portfolio. Further opportunities to consolidate the fragmented professional audio market through acquisition are also being considered.

In the financial year ended March 2016, Audiotonix produced revenue growth of 4% reflecting the launch of new products and continued growth into new territories. Profits in the year were slightly behind budget but ahead of prior year. Growth has been achieved through a series of strong new product launches (Dlive and S21), although this has been offset by lower sales in certain geographies such as Europe.

Audiotonix

TGI FRIDAYS

New Investment	
Date of initial investment:	Dec 2014
Type of deal:	Buyout
Equity ownership:	78%
Original cost:	£99 million
Amount realised:	£3 million
Valuation:	£101 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.1x
IRR:	4%
Location:	UK
Website:	www.tgifridays.co.uk
Management:	Karen Forrester, CEO; Murray Hennessy, Non-Executive Chairman

TGI FRIDAYS

NUMBER 1 THE SUNDAY TIMES 25 BEST BIG COMPANIES TO WORK FOR 2015

In December 2014 Electra invested £99 million of equity in the management buyout of the UK franchise of TGI Fridays ("TGIF") from its American parent. Additional financing for the transaction was provided from bank facilities arranged by Electra Partners.

TGIF, which has the exclusive UK rights to operate under the TGI Fridays brand, has 75 American-styled restaurants in a range of locations, including city centres, shopping centres and leisure parks. This is an established brand which works well across the country. It offers bold, distinctive American food as well as an innovative cocktail list, and provides a high-energy, fun environment with a wide demographic appeal. Key to the success of the customer experience is the company's focus on hiring and retaining enthusiastic front-of-house staff to offer a high level of service.

The company offers a differentiated product, with a wide demographic appeal, in the growing casual dining market. It demonstrates attractive financial characteristics, outperforming its peers across a range of key performance indicators and offering a high return on capital expenditure. The intention is to continue to grow through new restaurant openings, at an average rate of six new sites a year, as well as improving yield management through pricing and marketing initiatives.

Revenue and underlying profits growth were 9% and 7% respectively in 2015 as the benefits of strong operational management and new store openings were diluted by deterioration in the UK casual dining market at the end of the year. TGIF has seen some impact from this deterioration in its trading and a number of product, marketing and cost improvement initiatives have been implemented in response.

ALLFLEX CORPORATION

Date of initial investment:	Jul 2013
Type of deal:	Co-investment
Equity ownership:	15%
Original cost:	£68 million
Amount realised:	£nil
Valuation:	£82 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.2x
IRR:	8%
Location:	International
Website:	www.allflex-group.com
Management:	Jacques Martin, CEO

In 1998 Electra invested £23 million in the US$160 million buyout of Allflex. In 2013 Electra sold its investment in Allflex generating a return of 15x original cost and an IRR of 28%. Electra made a new equity investment of £57 million for a minority stake in Allflex alongside the private equity buyer. In January 2015 Electra made a further investment of £11 million to support the $250 million acquisition of SCR (Engineers) Ltd.

Allflex is the worldwide leader in animal traceability and farm livestock management products. Its core business is the manufacture and distribution of visual and electronic animal identification tags. Its 2015 acquisition of SCR, the world's largest manufacturer of electronic milk meters and smart tags for monitoring cow fertility and health, brought a leadership position in the adjacent animal intelligence market.

The company operates in attractive growth markets driven by greater regulation of the food chain to ensure food safety, as well as increasingly sophisticated farm management techniques. In addition to these demand growth dynamics, the opportunity to build on the group's combined distribution, technology and product development resources creates strong long-term growth prospects for Allflex.

The core animal identification tags business performed strongly in 2015. The company encountered some headwinds in the form of unsettled conditions in the global agriculture market, adverse currency movements and underperformance in SCR. Nonetheless revenue and profit growth in the year were 21% and 10% respectively. Future profits growth is anticipated from continued market growth supplemented with new product launches and cost efficiencies.

CALA GROUP

Date of initial investment:	Mar 2013
Type of deal:	Co-investment
Equity ownership:	11%
Original cost:	£32 million
Amount realised:	£nil
Valuation:	£48 million
Valuation:	Based on net assets
Multiple of cost:	1.5x
IRR:	19%
Location:	UK
Website:	www.cala.co.uk/cala-group
Management:	Alan Brown, CEO; Anthony Fry, Chairman

In 2013 Electra made an equity investment of £13 million alongside Patron Capital Partners and Legal & General in the £210 million acquisition of CALA Group from Lloyds Banking Group. During 2014 Electra increased its investment to £32 million to support land purchases and the acquisition of Banner Homes.

CALA Group is a national house builder which provides high quality homes in Scotland, the Midlands and South East England. Banner Homes' focus on premium homes in the South East represents a strong strategic fit for CALA and accelerates its strategy to double in size by 2017. Following the acquisition CALA is one of the ten largest housebuilders in the UK.

The UK currently experiences a significant undersupply of new houses. Loosening planning regulations, measures to improve mortgage availability and an improving macro-economic environment have created favourable conditions for an investment in the housebuilding sector.

CALA doubled in size in the financial year to June 2015 with the acquisition of Banner Homes; positive momentum has continued into the current financial year, with improving operational efficiency expected to result in the group's return on capital exceeding 20%.

CALA GROUP

INNOVIA GROUP

Date of initial investment:	Apr 2014
Type of deal:	Co-investment
Equity ownership:	24%
Original cost:	£33 million
Amount realised:	£nil
Valuation:	£47 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.4x
IRR:	21%
Location:	International
Website:	www.innoviafilms.com, www.innoviasecurity.com
Management:	Mark Robertshaw, CEO; Malcolm Fallen, Chairman

In April 2014 Electra made a €40 million (£33 million) equity investment in the €498 million buyout of Innovia Group from the Candover 2001 Fund.

The group is headquartered in Cumbria and operates five manufacturing sites worldwide. Innovia's Security division is the leading manufacturer of polymer banknote substrate for central banks. Polymer banknotes have numerous advantages over paper notes including security, durability and cleanliness, yet today account for only a small share of all banknotes in circulation. Innovia Security benefits from a strong intellectual property portfolio and a 20-year track record producing substrate for 36 central banks.

Innovia's Films division is a leading global producer of speciality high performance films primarily used in packaging applications for the food and tobacco industries. Innovia Films benefits from high barriers to entry and steadily growing demand. It occupies leading positions in mature niche markets and enjoys long-term customer relationships.

The group's strategy is to develop its banknote substrate business as central banks around the world increasingly choose to benefit from the advantages of polymer over paper banknotes, while at the same time continuing to grow its packaging films business through product innovation and capacity expansion.

In 2015 Innovia generated revenue growth of 2% with profits declining slightly although ahead of budget. Performance in the current year is improving as a result of a number of influences including raw material prices and strong operational management. Innovia has exchanged contracts for the sale of its cellulose films division, Cello, to Futamura Chemical Co. Ltd; this leaves Innovia's Films division with a leading position in biaxially oriented polypropylene, or "BOPP", films. Test production of substrate for the next generation £5 and £10 notes has started at Innovia's new facility in Cumbria and the company expects to start to supply the substrate to the Bank of England in the coming months.

PINE

Date of initial investment:	Jun 2005
Type of deal:	Co-investment
Equity ownership:	99%
Original equity cost:	£31 million
Equity amount realised:	£17 million
Equity valuation:	£40 million
Equity multiple of cost:	1.9x
Equity IRR:	12%
Original debt cost:	£13 million
Debt amount realised:	£13 million
Valuation:	Derived from property investment value
Location:	UK
Website:	www.thepinefund.com
Management:	Harry Hyman, CEO (Nexus Group)

NEXUS PINE

Electra first invested in PINE in 2005 in order to exploit an identified opportunity to create a new institutionally acceptable property asset class in conjunction with an experienced property specialist and a nursery school operator.

PINE initially comprised a sale and leaseback property investment portfolio of nursery schools let on index-linked leases to nursery school operators, as well as a nursery school operating business.

The objective is to expand PINE's investment focus to the education sector generally, in order to broaden its appeal and range of exit options. In 2015 PINE made its first investment outside the nursery sector when it acquired a property relating to two special educational needs schools operated by Priory Group. During the six months to March 2016 PINE acquired a further two nursery school freeholds and now owns a portfolio of 31 properties leased to education providers with a value of more than £80 million.

In March PINE entered into a new £41 million borrowing facility which allowed the repayment of £13 million of debt held by Electra and £7 million of capital included in the Buyouts and Co-investments portfolio.

TREETOPS NURSERIES

Date of initial investment:	Feb 2012
Type of deal:	Buyout
Equity ownership:	79%
Original cost:	£15 million
Amount realised:	£3 million
Valuation:	£35 million
Valuation:	Based on multiple of earnings
Multiple of cost:	2.5x
IRR:	38%
Location:	UK
Website:	www.treetopsnurseries.co.uk
Management:	Charles Eggleston, CEO; Stephen Booty, Chairman

In 2012 Treetops Nurseries was spun out of PINE as part of a refinancing and is now a standalone investment in Electra's portfolio. Electra invested a further £2 million in 2013 to finance the acquisition of Toybox (four freehold sites in Bedfordshire) and a further £5 million in 2014 to fund the acquisition of Happy Child (15 nurseries).

Headquartered in Derby, Treetops is the sixth-largest nursery school operator in the UK, operating 59 nurseries and 5,000 registered places predominantly in the North of England, the Midlands and the South East. More than 90% of the company's nurseries are rated Good or Outstanding by OFSTED.

Treetops was separated from PINE in order to allow it to benefit from dedicated management focus and access to growth capital to effect a buy and build strategy. Treetops expects to grow organically, in particular through improved marketing and investment in its sites, designed to improve occupancy. Opportunities to grow through acquisition of other operators in the highly fragmented nursery market are also being actively pursued. The cash generative nature of the business model creates capacity to finance smaller acquisitions internally with additional funding available from Electra for more substantial targets.

Financial performance in the year to September 2015 was strong with revenue and profits growth (including the impact of acquisitions) of 21% and 46% respectively. Strong performance has continued into the current year and in April the company made a further acquisition, of Kindercare, an operator of 10 nursery schools in Leeds, Harrogate and York. Treetops expects to make further acquisitions over the coming financial year.

TREETOPS nurseries
PLAY CREATE EDUCATE

PREMIER ASSET MANAGEMENT

Date of initial investment:	Sep 2007
Type of deal:	Buyout
Equity ownership:	25%
Original cost:	£57 million
Amount realised:	£25 million
Valuation:	£33 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.0x
IRR:	(0)%
Location:	UK
Website:	www.premierfunds.co.uk
Management:	Mike O'Shea, CEO; Mike Vogel, Chairman

In 2007 Electra made a £33 million minority equity and debt investment in the take-private of Premier. In 2009 Electra made a further £24 million equity investment to support the acquisition of two OEICs from Aberdeen Asset Management. In 2014 Electra sold a majority shareholding in Premier to funds under the management of Elcot Capital Management for a consideration comprising £20 million in cash and £26 million of preference shares while retaining an equity interest of 25%. In October 2015 Premier redeemed £4 million of preference shares.

Premier is a retail asset manager, with the bulk of its assets under management ("AUM") in branded retail funds, of which the largest franchises are in multi-asset, UK equities, global equities and fixed income.

The retail investment market displays growth drivers including demographic and regulatory change from which Premier is well placed to benefit due to its strong product portfolio and investment performance. The intention remains to accelerate growth by investing in sales and marketing and by exploring other opportunities to extend the scope of the business.

Following a strong performance in the financial year to September 2015, with AUM and profits growth of 34% and 48% respectively, Premier has continued its success in growing assets. AUM now stand in excess of £4.3 billion thanks to strong fund performance, investment in marketing and distribution and a favourable demand environment.

Premier

HOTTER SHOES

Date of initial investment:	Jan 2014
Type of deal:	Buyout
Equity ownership:	61%
Original cost:	£84 million
Amount realised:	£2 million
Valuation:	£32 million
Valuation:	Based on multiple of earnings
Multiple of cost:	0.4x
IRR:	(35)%
Location:	International
Website:	www.hotter.com
Management:	Sara Prowse, CEO; Alan White, Chairman

In January 2014 Electra invested £84 million in equity in the management buyout of Hotter Shoes ("Hotter") from Stewart Houlgrave, the company's founder, and Gresham LLP.

Established in 1959, Hotter is Britain's largest shoe manufacturer and sells over two million pairs of shoes each year in the UK and internationally in stores, in catalogues and online. The company, with a strong focus on comfort and service, serves customers whose age, health or lifestyle are such that they require more cushioned and supportive footwear.

Hotter is a growth business whose sales had more than doubled in the four years prior to the buyout, driven by demographic change (in particular population ageing), international growth and the rapid growth of a retail store estate in the UK. These growth drivers offer significant further opportunity.

Performance since the investment was made has been disappointing. Revenues have continued to grow (at 5% in the most recent financial year to January 2015), however profits have fallen due to operational challenges and some difficulties with scaling processes and systems to the increasing size and complexity of the business. This has been compounded by generally difficult conditions in the UK clothing retail market as a result of a warm autumn and a cold and wet spring. A number of steps have been taken in response, including the appointment of a new Chief Executive, pausing on further growth projects until processes and systems have been improved, and focusing on short-term profit improvement measures.

hotter®

THE QUEEN'S AWARDS FOR ENTERPRISE: 2015

KNIGHT SQUARE

Date of initial investment:	Mar 2012
Type of deal:	Buyout
Equity ownership:	49%
Original cost:	£22 million
Amount realised:	£14 million
Valuation:	£29 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.9x
IRR:	20%
Location:	UK
Website:	www.knightsquare.com
Management:	Paul Lester CBE, Chairman

In 2012 Electra made a £22 million equity investment in the £62 million acquisition of Knight Square (formerly known as Peverel), the UK's leading property management services group, from its administrators. In October 2014 the company completed a refinancing that allowed it to make loan repayments of £14 million to Electra.

Knight Square, is one of the UK's leading property services businesses. Through its FirstPort business, the group provides general management services to almost 4,000 retirement and other residential developments across the UK. Through Appello, it also provides telecare and telehealth installation and monitoring services that allow people to live independently in their own homes.

Knight Square is the leader in a robust market. At the time of investment, the intention was to invest in process and service improvement initiatives in order to enable the business to solidify this leadership position. With much of this work now complete, the focus is now on targeting opportunities to grow not only as a result of demographic change but also by taking advantage of the company's nationwide coverage and economies of scale.

Revenue and profits growth were 4% and 1% respectively in 2015. The group has made considerable improvements to its service delivery which are reflected in a substantially improved customer retention rate in 2015. The group has made progress in implementing its growth strategies, with a number of new business wins. Growth though has been held back by lower property transaction volumes. Appello has completed the integration of Call24, the call monitoring centre in the South West acquired in 2015.

KNIGHT SQUARE

KALLE

Date of initial investment:	Feb 2010
Type of deal:	Co-investment
Equity ownership:	9%
Original cost:	£9 million
Amount realised:	£6 million
Valuation:	£17 million
Valuation:	Based on multiple of earnings
Multiple of cost:	2.5x
IRR:	19%
Location:	Germany
Website:	www.kalle.de
Management:	Dr Carsten Heldmann, CEO; Peter Fearn, non-executive Chairman

In 2010 Electra made a €10 million (£9 million) equity investment in the €216 million acquisition of Kalle. In 2013 a refinancing of the business returned €7 million (£6 million) to Electra.

Headquartered in Wiesbaden, Germany, and operating from fifteen production facilities across nine countries, Kalle is a market leader in the production of artificial casings for sausages, with strong positions in the viscose, textile and plastic product segments.

Kalle is a market leader with a portfolio of high-quality products and a pipeline of innovative new products. It operates in defensive markets which benefit from robust demand in developed markets, and growing demand in emerging economies, for low-cost protein sources. Further growth opportunities exist by virtue of increasing penetration of artificial casings.

Revenue and profits growth was 7% and 12% respectively in 2015. Revenue growth was driven by a strong performance in North American markets while margin improvements resulted from production efficiency and indirect cost control.

In April 2016, Electra entered into an agreement to sell its interest in Kalle, subject to regulatory approvals. Upon completion Electra is expected to receive proceeds of £22 million (based on current exchange rates), which together with proceeds from the earlier refinancing would equate to a return of 3.0x original cost, an IRR of 21%.

Electra's Investment in Davies Group

Date of initial investment:	Sep 2011
Type of deal:	Buyout
Equity ownership:	57%
Original cost:	£41 million
Amount realised:	£2 million
Valuation:	£38 million
Valuation:	Based on multiple of earnings
Multiple of cost:	1.0x
IRR:	(1)%
Location:	UK
Website:	www.davies-group.com
Management:	Dan Saulter, CEO; Adrian Hill, Chairman

The Deal

In September 2011 Electra invested £36 million in the £60 million management buyout of Davies Group.

The Business

Davies is a multi-award winning insurance service provider. It delivers third party administration ("TPA") and specialist technical services to insurance intermediaries, the Lloyd's market, UK & global insurance companies, and large self-insured businesses.

The 750-strong team manages more than 160,000 claims per annum across the UK & Ireland. It works with more than 100 clients, helping them control and manage in excess of £1.2 billion of annual claim cost across property, casualty, motor and niche insurance classes.

In addition to its third party administration services, it provides integrated technical services including loss adjusting, surveying, fraud detection, and supply chain solutions.

The Investment

The insurance TPA sector benefits from barriers to entry built on the scale and systems required to deliver service quality in an area of critical importance to insurers. Customer relationships tend to be multi-year with very high levels of recurring revenue. Davies has a strong record of growing through new contract wins and service innovation.

Our strategy has been to drive further growth by investing in technology to improve both service quality and process efficiency, while broadening the service offering organically and through M&A in order to position the business as an outsourcing partner to its customers.

Update

The investment underperformed initially. We responded with a period of management change and operational turnaround before implementing a growth strategy based on four key areas:

- Applying technology to business processes;
- Broadening the service offering from property into casualty and motor;
- Focusing on solus supply of TPA services to brokers, corporates and carriers; and
- Accelerating growth through business development and M&A.

Applying technology to business processes

Claims management hand-offs have been automated and centralised using the Claimqube technology platform. This has enabled significant operational efficiencies meaning the field teams can focus on service and technical excellence instead of back office functions. This investment has allowed margins to reach a sustainable level of 20% and has provided a strong basis for winning new business.

Broadening the service offering

In December 2013 Davies acquired Garwyn, the UK's largest specialist casualty TPA & loss adjuster. Since this acquisition, Davies has gone on to acquire three further businesses: ALA in Ireland; MFS, a leading defendant motor claims business; and most recently Argent, a provider of specialist casualty services. Electra provided a further £5 million of capital to support this M&A programme. Integrated into a single business, these acquisitions have resulted in the group now having the leading market position in casualty, a strong position across insurance classes in Ireland and a high-growth position in motor.

Focusing on TPA

Davies had always had an effective business development team; we focused this on developing outsourcing partnerships with customers. New business wins have added £9 million to the top line over the last three years. With these new wins, organic revenue growth is high single-digit and profits growth is significantly ahead of this.

Accelerating growth

After allowing for the full-year effect of acquisitions, the business has achieved record revenue and profits.

Outlook

The business is in a strong position. Systems investment, cost savings, M&A and contract wins have led to excellent operational and financial performance. The integration of the acquisitions has been completed on plan and has delivered both strong cost synergies and cross-selling opportunities. There are further acquisition opportunities which will be considered as they arise. Davies is growing and has the strategy and resources to accelerate.

Financial Review

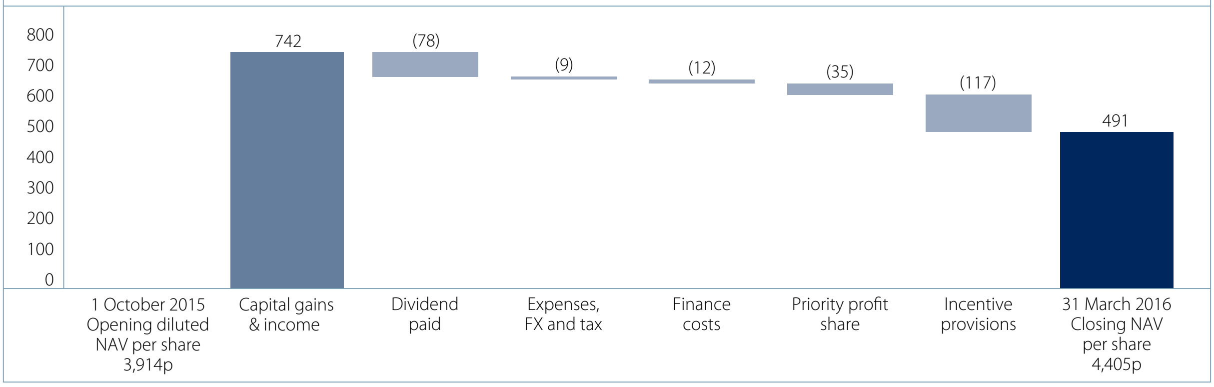
"The Company's net asset value per share total return was 15% for the six months to 31 March 2016, an excellent performance from the total portfolio which delivered realisations of £384 million."

Analysis of Movement in Net Asset Value per share

The Consolidated Income Statement on page 43 of the Report shows the total return for the period and, together with the impact of Bond conversions and the final dividend of 78p per ordinary share paid during the period, explains the movement in NAV per share for the six months to 31 March 2016.

Performance from the investment portfolio contributed 742p per share, 19% of the opening NAV per share. Deducted from this, as shown below, were finance, operating costs and tax, which together totalled 21p per share; the priority profit share paid to Electra Partners for managing the portfolio amounted to 35p per share; and the charge for incentive schemes amounted to 117p per share. The final dividend paid for 2015 reduced NAV per share by 78p. These net costs, together with the investment performance, resulted in an increase to net assets of 491p per share, a total return (adding back the dividend paid) of 15% for the period.

Analysis of Movement in Net Asset Value per share (p)



Incentive Schemes

The current incentive schemes operated by Electra (alternatively referred to as "carried interest") are based on three-year pools. Currently, there are four pools in relation to the three-year periods commencing 2006, 2009, 2012 and 2015. The carried interest schemes are described in more detail in Note 7 on pages 62 to 64.

The carried interest provision has increased from £132 million to £171 million in the six months to 31 March 2016. The movement in the provision of £39 million mainly comprises a £47 million provision for future carried interest (equivalent to 117p per share). The other movements in the period were payments of £2 million in relation to the 2006 pool and pre-2006 carried interest arrangements; and the transfer of £6 million to creditors, representing the amount due in relation to the sale of Zensar Technologies. This is detailed in the table opposite:

	Creditor £m	Provision £m	Total £m
At 1 October 2015	1	132	133
Paid in period:			
Pre-2006 pools	–	(1)	(1)
2006 pool	–	(1)	(1)
Transfer:			
Pre-2006 pools	6	(6)	–
Provisions:			
2006 pool	–	1	1
2009 pool	–	20	20
2012 pool	–	26	26
At 31 March 2016	7	171	178

The increase of £47 million in the provision for incentives reflects the strong performance of the investment portfolio, which produced a total return of £299 million for the period. The provision represents approximately 16% of the increase in the portfolio value. The post-2006 pools accrue carried interest at 18% of net investment profits, but the provision is made on a three-year pooled basis and after charging an amount in respect of PPS. These factors combined result in the overall provision equating to 16%.

Due to the extremely strong realisation record over the last two years (over £750 million of realisations), the majority of investment value relates to relatively recent investments. As such, the increase of £47 million in the provision is almost entirely from investments in the 2009 and 2012 pools, with over 90% of the increase relating to just five investments: Parkdean Resorts, AXIO Data Group, Elian, The Original Bowling Company and Audiotonix. Equally, over 90% of the provision carried forward (£157 million out of the total of £171 million) related to the 2009 and 2012 pools. Further cash realisations of almost £100 million and over £550 million would be required to meet the hurdle requirements of the 2009 and 2012 pools respectively.

Net Liquid Resources

The Consolidated Cash Flow Statement on page 57 analyses the movement in the Group's cash for the six-month period. Cash on the Balance Sheet has increased by £174 million to £321 million. Cash inflows were in the main related to sales of investments and investment income, which yielded more than £380 million, substantially more than the whole of the year to 30 September 2015. The major constituents of the cash outflows were investments of £158 million, operating and finance costs of approximately £20 million, and £31 million for the 2015 final dividend.

Against this, Electra has the following commitments:

- payment of the final capital entitlement of 155.41p per ZDP share to the ZDP shareholders in August 2016 amounting to £73 million in aggregate;
- payment of an interim dividend of 44p per ordinary share (£18 million), as declared by the Board; and
- financing of committed and other investments.

Accordingly, it is expected that free cash, after taking the above into account, will be approximately £185 million.

Finance Costs and Gearing

Finance costs of 12p per share, or £5 million, in the period were made up as follows:

	Cost £m
Bank facility	1
Convertible Bond	2
Zero Dividend Preference Share	2
	5

The £275 million multi-currency bank facility remained undrawn throughout the six month period. It does however continue to accrue commitment fees and the financing fee associated with raising the facility is being amortised over the remaining life of the facility. The cost of this will be approximately £3 million per annum. The facility is repayable at the end of 2019 and is in place to ensure that there is sufficient short term liquidity, given the illiquidity of a significant portion of the portfolio, to meet the day to day cash flow requirements of the Company's operations.

As previously reported, the Company exercised its right to a Mandatory Conversion of all of the outstanding Bonds into new ordinary shares, with the conversion taking place on 29 December 2015. During the six month period, 85,369 Bonds in aggregate were converted into 4,215,593 new ordinary shares. As a result, £73 million of Balance Sheet debt has been retired, £10 million of future finance costs saved and a simplification of the Company's Balance Sheet and accounting requirements achieved. As originally anticipated, the conversion of the Bonds required the transfer of the remaining special reserve to revenue reserves and accordingly, in this period an amount of £8 million was transferred. Further details are to be found in note 5 on page 61.

The Zero Dividend Preference Share ("ZDP") is accounted for by accruing at 6.5%, which is the yield to maturity based on its redemption value. The amount charged in this period was £2 million, which was charged to the capital column in the Consolidated Income Statement, reflecting the way in which this instrument will be repaid. The ZDP is due to be repaid in August 2016 and is therefore disclosed as a short-term creditor. There is no intention to extend the life of the ZDP Shares or to raise a new instrument once the ZDP Shares are repaid in August 2016.

FX

At 31 March 2016, the estimated foreign currency exposure, was €289 million and $209 million. As such, given the weakness of sterling during the six month period, Electra has benefitted from its exposure to these long positions. The Euro and US Dollar have strengthened against sterling by 7% and 5% respectively during the period, resulting in a £21 million gain in respect of the investment portfolio. This is shown as part of the net gain of £252 million in the Consolidated Income Statement. The £5 million 'Loss on revaluation of foreign currencies' shown in the Consolidated Income Statement relates to the revaluation of intercompany loans denominated in currencies other than Sterling. The £6 million movement in translation reserves in the Consolidated Statement of Comprehensive Income arises from translation of opening shareholders capital in relation to certain overseas subsidiaries.

Steve Ozin
Partner
Electra Partners LLP
3 May 2016

The Original Bowling Company
Ten-pin bowling centre operator

Photograph taken at the recently refurbished Hollywood Bowl centre in Basildon.

Consolidated Income Statement (unaudited)

For the six months ended 31 March	Revenue £m	Capital £m	2016 Total £m	Revenue £m	Capital £m	2015 Total £m
Profit on investments:						
Investment income/net gain	53	252	305	42	177	219
Loss on revaluation of foreign currencies	–	(5)	(5)	–	–	–
	53	247	300	42	177	219
Incentive schemes	–	(47)	(47)	–	(34)	(34)
Priority profit share	(14)	–	(14)	(13)	–	(13)
Income reversal	(6)	–	(6)	(8)	–	(8)
Other expenses	(2)	–	(2)	(1)	–	(1)
Net Profit before Finance Costs and Taxation	31	200	231	20	143	163
Finance costs	(3)	(2)	(5)	(7)	(2)	(9)
Profit on Ordinary Activities before Taxation	28	198	226	13	141	154
Taxation expenses	(3)	–	(3)	(4)	–	(4)
Profit on Ordinary Activities after Taxation attributable to owners of the parent	25	198	223	9	141	150
Basic Earnings per Ordinary Share (pence)	66.84	515.39	582.23	25.27	393.11	418.38
Diluted Earnings per Ordinary Share (pence)	63.63	490.63	554.26	29.84	348.11	377.95

The 'Total' columns of this statement represent the Group's Income Statement prepared in accordance with International Financial Reporting Standards adopted by the EU ("IFRS"). The supplementary Revenue and Capital columns are both prepared under guidance published by the Association of Investment Companies.

The amounts dealt with in the Consolidated Income Statement are all derived from continuing activities.

Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 31 March	2016 £m	2015 £m
Profit for the period	223	150
Exchange differences arising on consolidation	6	(1)
Total Comprehensive Income for the period	229	149
Dividends	(31)	–
Total Comprehensive Income attributable to owners of the parent	198	149

Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 31 March 2016 for the Group

	Called-up share capital £m	Share premium £m	Capital redemp-tion reserve £m	Other reserves £m	Translation reserve £m	Realised capital profits/ (losses) £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total share-holders' funds £m
Opening balance at 1 October 2015	9	39	34	20	(4)	1,029	312	64	1,503
Net revenue profit added to the reserves	–	–	–	–	–	–	–	25	25
Net profits on realisation of investments during the year	–	–	–	–	–	7	–	–	9
Financing costs	–	–	–	–	–	(2)	–	–	(2)
Increase in value of non-current investments	–	–	–	–	–	–	245	–	243
Increase in incentive provisions	–	–	–	–	–	–	(47)	–	(47)
Profit/(losses) on foreign currencies	–	–	–	–	6	(5)	–	–	1
Investments sold during the period	–	–	–	–	–	170	(170)	–	–
Conversion of Convertible Bond	1	84	–	(20)	–	–	–	8	73
Dividend	–	–	–	–	–	(31)	–	–	(31)
At 31 March 2016	10	123	34	–	2	1,168	340	97	1,774

For the six months ended 31 March 2015 for the Group

	Called-up share capital £m	Share premium £m	Capital redemp-tion reserve £m	Other reserves £m	Translation reserve £m	Realised capital profits/ (losses) £m	Unrealised capital profits/ (losses) £m	Revenue reserves £m	Total share-holders' funds £m
Opening balance at 1 October 2014	9	28	34	22	(4)	1,005	68	33	1,195
Net revenue profit added to the reserves	–	–	–	–	–	–	–	9	9
Net profits on realisation of investments during the period	–	–	–	–	–	3	–	–	3
Financing costs	–	–	–	–	–	(2)	–	–	(2)
Increase in value of non-current investments	–	–	–	–	–	–	174	–	174
Increase in incentive provisions	–	–	–	–	–	–	(34)	–	(34)
Losses on foreign currencies	–	–	–	–	(1)	–	–	–	(1)
Investments sold during the period	–	–	–	–	–	27	(27)	–	–
Conversion of Convertible Bond	–	6	–	(1)	–	–	–	1	6
At 31 March 2015	9	34	34	21	(5)	1,033	181	43	1,350

Consolidated Balance Sheet (unaudited)

Note		As at 31 March 2016 £m	£m	(Audited) As at 30 September 2015 £m	£m	As at 31 March 2015 £m	£m
	Non-Current Assets						
	Investments held at fair value:						
	Unlisted and listed		**1,703**		1,630		1,491
			1,703		1,630		1,491
	Current Assets						
	Trade and other receivables	**4**		4		4	
	Current tax asset	**–**		2		–	
	Cash and cash equivalents	**321**		147		117	
		325		153		121	
	Current Liabilities						
	Trade and other payables	**11**		6		4	
	Zero Dividend Preference Shares	**72**		69		–	
	Net Current Assets		**242**		78		117
	Total Assets less Current Liabilities		**1,945**		1,708		1,608
	Zero Dividend Preference Shares	**–**		–		67	
5	Convertible Bond	**–**		73		76	
7	Provisions for liabilities and charges	**171**		132		115	
	Non-Current Liabilities		**171**		205		258
	Net Assets		**1,774**		1,503		1,350
6	**Capital and Reserves**						
	Called up share capital		**10**		9		9
	Share premium	**123**		39		34	
	Capital redemption reserve	**34**		34		34	
	Other reserves	**–**		20		21	
	Translation reserve	**2**		(4)		(5)	
	Realised capital profits	**1,168**		1,029		1,033	
	Unrealised capital profits	**340**		312		181	
	Revenue reserve	**97**		64		43	
			1,764		1,494		1,341
	Total Equity Shareholders' Funds		**1,774**		1,503		1,350
	Basic Net Asset Value per Ordinary Share		**4,405.42**		4,168.47p		3,768.39p
	Diluted Net Asset Value per Ordinary Share		**4,405.42**		3,913.84p		3,547.52p
	Ordinary Shares in issue at 31 March		**40,270,531**		36,054,938		35,834,228

The Notes on pages 58 to 66 are an integral part of the financial statements.

Consolidated Cash Flow Statement (unaudited)

For the six months ended 31 March	£m	2016 £m	£m	2015 £m
Operating activities				
Purchase of investments	(158)		(129)	
Amounts paid under incentive schemes	(3)		(19)	
Sales of investments	360		119	
Sales of liquidity funds	–		120	
Dividends and distributions received	–		2	
Other investment income received	20		7	
Other income received	4		3	
Expenses paid	(14)		(19)	
Taxation paid	(1)		(4)	
Net Cash Inflow from Operating Activities		208		80
Financing Activities				
Bank loans repaid	–		(153)	
Dividends paid	(31)		–	
Finance costs	(1)		(6)	
Convertible Bond Interest paid	(2)		(2)	
Net Cash Outflow from Financing Activities		(34)		(161)
Changes in cash and cash equivalents		174		(81)
Cash and cash equivalents at 1 October		147		198
Cash and Cash Equivalents at 31 March		321		117

Notes to the Accounts

Within the Notes to the Half Year Report, all current and comparative data covering periods to, or as at, 31 March are unaudited.

1 Accounting Policies

Basis of Accounting

The Half Year Report is unaudited and does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006.

The statutory financial statements for the year ended 30 September 2015, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The Auditor's opinion on those financial statements was unqualified and did not contain a statement made under Section 498(2) or Section 498(3) of the Companies Act 2006.

The condensed consolidated interim financial statements comprise the Consolidated Balance Sheets as at 31 March 2016, 30 September 2015 and 31 March 2015 and for the six months ended 31 March 2016 and 31 March 2015, the related Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cashflow Statement and the related Notes hereinafter referred to as "financial information".

The condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, IAS34 and the principal accounting policies and key estimates set out in the Annual Report for the year ended 30 September 2015 which is available on Electra's website (www.electraequity.com). The condensed consolidated interim financial statements have been prepared on a going concern basis and under the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value.

Application of New Standards

The accounting policies used are consistent with those applied in the last annual financial statements, as amended to reflect the adoption of new standards, amendments, and interpretations which became effective in the year. During the period there are no relevant standards, amendments and interpretations that became effective for the first time that have had a material impact on the Company.

IFRS 10 has changed the definition of control positions. However, as the Company qualifies as an investment entity under IFRS 10 this has not resulted in any changes to presentation or any additional disclosures.

Additionally a number of standards have been issued but are not yet adopted by the EU and so are not available for early adoption. The most significant of these is IFRS 9 Financial Instruments along with related amendments to other IFRSs and the impact on the Group is being reviewed.

The Board has concluded that none of these standards, amendments and interpretations is presently expected to have a significant effect on the consolidated financial statements of the Group.

Principles of Valuation of Investments

(i) General

In valuing investments, Electra Partners estimates the Fair Value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines.

Fair Value is the price for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. In estimating Fair Value, the Manager applies a valuation technique which is appropriate in light of the nature, facts and circumstances of the investment and uses reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of Fair Value.

The Manager tests its valuation techniques using a tool known as "calibration". This compares the inputs and assumptions used in estimating Fair Value on the reporting date to those used on previous reporting dates and to those underlying the initial entry price of an investment in order to ensure that the inputs and assumptions used on the reporting date are consistent with those used previously.

In general, the Manager will: determine the enterprise value of the investee company in question using one of a range of valuation techniques; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company's relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

Where an investment is denominated in a currency other than Sterling, translation into Sterling is undertaken using the bid spot rate of exchange prevailing on the reporting date.

(ii) Unlisted Investments
In respect of each unlisted investment the Manager selects one or more of the following valuation techniques:

- A market approach, based on the price of recent investment, earnings multiples or industry valuation benchmarks;
- An income approach, employing a discounted cash flow technique; and
- A replacement cost approach valuing the net assets of the portfolio company.

In assessing whether a methodology is appropriate the Manager maximises the use of techniques that draw heavily on observable market-based measures of risk and return.

Price of Recent Investment
Where the investment being valued was itself made recently, its cost may provide a good indication of Fair Value. Using the Price of Recent Investment technique is not a default and at each reporting date the Fair Value of recent investments is estimated to assess whether changes or events subsequent to the relevant transaction would imply a change in the investment's Fair Value.

Multiple
Typically the Manager uses an earnings multiple technique. This involves the application of an appropriate and reasonable multiple to the maintainable earnings of an investee company.

The Manager usually derives a multiple by reference to current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple by adding a premium or deducting a discount for points of difference which might affect the risk and earnings growth prospects which underpin the earnings multiple. Such points of difference might include the relative size and diversity of the entities, rate of earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing, any other reason the quality of earnings may differ, and risks arising from the lack of marketability of the shares.

In respect of maintainable earnings, the Manager usually uses earnings for the most recent twelve-month period adjusted if necessary to represent a reasonable estimate of maintainable earnings. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes in earnings.

In some circumstances the Manager may apply a multiple to the net assets of a business, typically where the business' value derives mainly from the underlying Fair Value of its assets rather than its earnings, such as property holding companies.

Discounted Cash Flow

The Discounted Cash Flow technique involves deriving the value of a business or an investment by calculating the present value of the estimated future cash flows from that business or investment using reasonable assumptions and estimations of expected future cash flows, the terminal value or maturity amount and date, and the appropriate risk-adjusted rate that captures the risk inherent to the business or investment. The Manager usually uses the Discounted Cash Flow technique in respect of certain debt investments or where the realisation of an investment is imminent with the pricing of the relevant transaction being substantially agreed such that the technique is likely to be the most appropriate one.

(iii) Listed Investments

The Fair Value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and transactions for an asset take place with sufficient frequency and volume to provide pricing information on an on-going basis. The quoted market price used for listed financial instruments held by the Group is the bid price on the reporting date.

(iv) Fund Investments

In determining the Fair Value of investments in funds managed by parties other than Electra Partners, the Manager usually uses the net asset value of the fund as reported by the manager as the starting point. The Manager may make adjustments to the reported net asset value to reflect, for example, purchases and sales occurring between the fund's measurement date and the reporting date, or any other facts or circumstances which might impact the Fair Value of the fund.

(v) Other Investments

Liquidity funds are held at the current Fair Value of the note.

(vi) Subsidiary Undertakings

Investments in subsidiaries are stated in the Company Statement of Financial Position at the Fair Value of the subsidiary.

(vii) Accrued Income

Accrued income is included within investment valuations.

2 Segmental Analysis

The chief operating decision-maker has been identified as Electra Partners. Electra Partners reviews the Group's internal reporting in order to assess performance and allocate resources. Electra Partners has determined the operating segments based on these reports. Electra Partners considers the business as a single operating segment.

3 Earnings per Share

For the six months ended 31 March	2016	2015
Net revenue profit attributable to ordinary shareholders (£m)	25	9
Net capital return attributable to ordinary shareholders (£m)	198	141
Total return (£m)	223	150
Net revenue profit on which diluted return per share calculated with finance charge net of taxation of £nil (2015: £3m) added back	25	12
Net capital return on which diluted return per share calculated (£m)	198	141
Total Diluted Return (£m)	223	153
Weighted average number of ordinary shares in issue during the period on which the undiluted profit per ordinary share was calculated	38,336,232	35,613,777
Weighted average number of ordinary shares in issue during the period on which the diluted profit per ordinary share was calculated	40,270,531	40,216,732

	Basic earnings per share 2016 p	2015 p	Diluted earnings per share 2016 p	2015 p
Revenue profit per ordinary share	66.84	25.27	63.63	29.84
Capital return per ordinary share	515.39	393.11	490.63	348.11
Earnings per ordinary share	582.23	418.38	554.26	377.95

4 Net Asset Value per Ordinary Share

On 29 December 2010 Electra issued £100 million of 5% Subordinated Convertible Bonds at an issue price of 100 per cent and an initial conversion price of 2,050p. The Bond has been treated as a compound financial instrument containing both a liability and an equity component.

On 29 December 2015, all of the outstanding 5% Subordinated Convertible Bonds (76,578) were mandatorily converted into new ordinary shares of Electra. At 29 December 2015 the conversion price in respect of each Bond was 2,025p and as a result Electra issued a further 3,781,481 new ordinary shares.

The basic Net Asset Value ("NAV") per share is calculated by dividing NAV of £1,774,086,000 (2015: £1,350,375,000) by the number of ordinary shares in issue amounting to 40,270,531 (2015: 35,834,228).

The diluted NAV per share is calculated by adding the liability component of the Convertible Bonds amounting to £nil (2015: £76,321,000) to NAV of £1,774,086,000 (2015: £1,350,375,000) and then dividing by the weighted average number of ordinary shares amounting to 40,270,531 (2015: 40,216,732) after taking into account dilutive potential shares.

5 Convertible Bond

	At 30 September 2015 £m	Finance charge £m	Finance charge paid £m	Bond conversion £m	At 31 March 2016 £m
Fair value of debt (debt cashflows discounted at 9.9%)	73	–	–	(73)	–
Other reserves	20	–	–	(20)	–
5% coupon payable *	1	1	(2)	–	–
Revenue reserve movement	–	–	–	8	8
Share capital movement	–	–	–	1	1
Share premium movement	–	–	–	84	84

* Included in trade and other payables.

On 29 December 2010, Electra issued £100 million 5% Subordinated Convertible Bonds due 29 December 2017 at an issue price of 100 per cent and with an initial conversion price of 2,050p. In accordance with the terms and conditions of the Bonds, the conversion price of 2,050p was adjusted to 2,025p in June 2015 as a result of the payment of the interim dividend paid on 24 July 2015.

In the period from 1 October 2015 to 28 December 2015, 8,791 5% Subordinated Convertible Bonds were converted into new ordinary shares of Electra. The conversion price in respect of each Bond was 2,025p and as a result Electra issued 434,112 ordinary shares.

On 29 December 2015, all of the outstanding 5% Subordinated Convertible Bonds (76,578) were mandatorily converted into new ordinary shares of Electra. The conversion price in respect of each Bond was 2,025p and as a result Electra issued a further 3,781,481 ordinary shares.

6 Share Capital

As at 31 March	2016 £m	2015 £m
Allotted, called-up and fully paid 40,270,531 (2015: 35,834,228) ordinary shares of 25p each	10	9

During the six months ended 31 March 2016, 85,369 (2015: 6,693) Subordinated Convertible Bonds were converted into 4,215,593 (2015: 326,477) ordinary shares.

7 Related Party Transactions

Carried interest schemes

Certain members of Electra Partners (the "participants") are entitled to benefit from carried interest schemes under the terms of the limited partnerships through which Electra invests. Details of these schemes are as follows:

Long term incentive scheme ("LTI")

Under this scheme participants invested in every new investment made by Electra between 1995 and March 2006. In return, the participants are entitled to a percentage of the total capital and revenue profits made on each such investment. The participants do not receive any profit until Electra has received back its initial investment.

1995 LTI

Participants are entitled to a percentage of the incremental value of unlisted investments held at 31 March 1995, subject to Electra having received total proceeds equal to the valuation of those investments as at 31 March 1995 plus a preferred return.

The Initial Pool

This relates to a pool of investments valued at £160 million at 31 March 2006 (the "initial pool"). Under this arrangement participants are entitled to 10% (the "carried interest") of the aggregate realised profits of the initial pool. The realised profits are calculated as being the aggregate of income and sale proceeds received by Electra less the £160 million opening value, less any additional purchases and less priority profit share. Carried interest is payable only once realised profits exceed a preferred return of 15% compounded annually on the opening value of the initial pool plus the cost of further investments less realisations. A full catch-up is payable once the realised profits of the initial pool exceed the preferred return. This catch-up means that all proceeds above the cumulative preferred return accrue to participants until they have been paid an amount equating to 10% of the total realised profits of the initial pool. Thereafter proceeds are split 90%:10% between Electra and the participants.

2006, 2009, 2012 and 2015 Pools

In October 2006 new arrangements were entered into in respect of investments made over each consecutive three year period. At the reporting date such arrangements are in operation in relation to the three year periods from 2006 to 2009, 2009 to 2012, 2012 to 2015 and 2015 to 2018 (investments being made in each such period being referred to as a "pool").

Under these arrangements participants are entitled to a carried interest of 18% of the aggregate realised profits in relation to direct investments in each pool. The realised profits are calculated as being the aggregate of income and sale proceeds received by Electra less the purchase costs of investments and less priority profit share. Carried interest is payable only once realised profits exceed a preferred return of 8% compounded annually on the cost of investments less realisations. A full catch-up is payable once the realised profits exceed the preferred return. This catch-up means that all proceeds above the cumulative preferred return accrue to participants until they have been paid an amount equating to 18% of the total realised profits. Thereafter proceeds are split 82%:18% between Electra and the participants.

Similar arrangements are in place for indirect investments, the difference from the above arrangements being that the carried interest is 9% over an 8% preferred return.

No Directors of Electra participate in the above schemes.

Summary of carried interest pools

As at 31 March 2016	Initial Pool £m	2006 Pool £m	2009 Pool £m	2012 Pool £m	2015 Pool £m
Amount invested	(236)	(436)	(361)	(784)	(121)
Amount realised	679	761	354	363	–
Valuation of remaining investments	14	33	371	977	123
Pool profit	457	358	364	556	2
Multiple of cost	2.9	1.8	2.0	1.7	1.0
Priority Profit Share	(7)	(31)	(20)	(29)	(1)
Net profit	450	327	344	527	1

Summary of provisions for carried interest

As at 31 March 2016	LTI £'000	1995 LTI £'000	Initial Pool £'000	2006 Pool £'000	2009 Pool £'000	2012 Pool £'000	2015 Pool £'000	Total £'000
Provisional Entitlement	6,569	–	1,435	5,984	62,014	94,868	–	170,870
Outstanding Entitlement	6,450	–	73	–	–	–	–	6,523
Total Amount Outstanding	13,019	–	1,508	5,984	62,014	94,868	–	177,393
Amount Paid in Period	394	–	950	976	–	–	–	2,320

As at 31 March 2015	LTI £'000	1995 LTI £'000	Initial Pool £'000	2006 Pool £'000	2009 Pool £'000	2012 Pool £'000	2015 Pool £'000	Total £'000
Provisional Entitlement	11,267	–	2,740	16,565	37,555	47,101	–	115,228
Outstanding Entitlement	98	–	129	–	–	–	–	227
Total Amount Outstanding	11,365	–	2,869	16,565	37,555	47,101	–	115,455
Amount Paid in Period	1,635	–	1,450	15,496	–	–	–	18,581

Electra Partners Club 2007 LP co-investment agreement

In November 2007, Electra entered into a co-investment agreement with Electra Partners Club 2007 LP ("Club"), a fund managed by Electra Partners LLP. The co-investment agreement required Electra to co-invest at the ratio of 2:1 in all Electra Partners investments in private equity opportunities in Western Europe where the combined investment of Electra and the Club would represent a controlling stake and where the combined equity investment is between £25 million to £75 million. Both parties invested on the same terms and conditions. The agreement allowed for variations to these arrangements in certain prescribed circumstances, for example, where investment would compromise Electra's ability to qualify as an Investment Trust or where the Club would exceed certain concentration ratios. Investments that arise from interests that Electra already held prior to the establishment of the Club are unaffected by these sharing arrangements. These arrangements expired in May 2013.

Priority profit share

Priority profit share for the six months ended 31 March 2016 was £13,671,000 (2015: £13,356,000).

Six months to March	2016 £'000	2015 £'000
Fee at 1.5%	11,082	11,958
Fee at 1%	519	–
	11,601	11,958
Adjustment for deal fees net of abort costs	2,070	1,398
Total	13,671	13,356

For the period ended 31 March 2015, priority profit share was paid to the Manager and was calculated at 1.5% per annum on the gross value of the Group's investment portfolio including cash (but excluding any amounts committed to funds established and managed by Electra Partners). From 1 April 2015, the following changes were made:

- no fee was paid on cash; and
- the management fee on Non-Core listed and Primary Fund Investments was reduced to 1%.

In the six months to 31 March 2016, £4,146,000 (2015: £3,000,000) deal fees were charged by Electra in relation to new investments. These fees are accounted for within the investment income line in the financial statements. Under the terms of the limited partnership agreements, Electra Partners is entitled to receive 50% of the aggregate deal fees in excess of abort costs. This is achieved by increasing the priority profit share for the period by the relevant amount. These amounts are included in the figure shown in the table opposite.

In addition, Electra Partners charged portfolio companies £870,000 (2015: £803,000) in relation to directors and monitoring fees.

Participants' Investment

From October 2006 the participants in the 2006, 2009, 2012 and 2015 pools are required to invest 1% of the cost of each direct investment on a pari passu basis with Electra. In the six months ended 31 March 2016, £1,716,000 was invested (2015: £1,273,000). At 31 March 2016 the fair value of all investments currently held by the participants was £15,195,000 (2015: £12,543,000).

8 Capital Commitments and Contingencies

During the period, the Group committed to an investment in Grainger Retirement Solutions a direct unlisted investment. As at 31 March 2016 this was subject to certain conditions, and therefore the purchase had not completed at the period end.

As at 31 March	2016 £m	2015 £m
Commitments to private equity funds	55	54
Grainger Retirement Solutions	45	–
Park Resorts	–	27
	100	81

9 Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 September 2015.

There have been no changes in the risk management department or in any risk management policies since the year end.

The unlisted financial assets held at fair value, are valued in accordance with the Principles of Valuation of Unlisted Equity Investments as detailed within the Basis of Accounting (Note 1).

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Group has adopted IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of fair value measurement bases are defined as follows:

Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data (unobservable inputs).

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table represents the Group's assets by hierarchy levels:

All fair value measurements disclosed are recurring fair value measurements.

Financial assets and liabilities at fair value through profit or loss

As at 31 March 2016	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Unlisted and listed investments	1,703	21	–	1,682
	1,703	21	–	1,682

As at 31 March 2015	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Unlisted and listed investments	1,491	95	–	1,396
	1,491	95	–	1,396

During the six month period to 31 March 2016 transfers from Level 3 to Level 1 were £nil (2015: £4 million). The fair value of Level 1 investment is determined based on quoted market prices.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities. The Group does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include over-the-counter derivatives.

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these securities, the Group has used valuation techniques to derive the fair value. Investments classified within Level 3 consist of private equity direct investments and fund and secondary positions.

The main inputs into the Group's valuation models for private equity investments are EBITDA multiples (based on the budgeted EBITDA or most recent EBITDA achieved or a rolling 12 months basis of the issuer and equivalent corresponding EBITDA multiples of comparable listed companies), quality of earnings assessments, assessments of third party external debt, discounts, cost of capital adjustments and probabilities of default. The Group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third-party transactions in comparable companies' instruments and adjusts the model as deemed necessary.

In determining the valuation recommended to the Directors for the Group's equity instruments, the Manager uses comparable EBITDA multiples in arriving at the valuation for private equity. In accordance with the Group's policy, the Manager determines appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy. The Manager then calculates an EBITDA multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable group by its EBITDA. The EBITDA multiple is then adjusted for discounts/premiums with regards to such considerations as illiquidity and other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

The value of private equity funds is primarily based on the latest available financial/capital account statement of the private equity fund. The Company may make adjustments to the value as set out in Note 25 of the Annual Report and Accounts 2015.

As at 31 March 2016 10% (2015: 12%) of financial assets at fair value comprise investments in private equity funds that have been valued in accordance with the policies set out in Note 25 of the Annual Report and Accounts 2015. The private equity funds are not publicly traded and prior to maturity an exit can only be made by the Company though a sale of its investment and commitment through a secondary market. The carrying values of the private equity funds may be significantly different from the values ultimately realised on an exit via a secondary market sale.

The following table presents assets measured at fair value based on Level 3.

	2016 £m	2015 £m
Opening balance as at 30 September	1,529	1,181
Purchases	158	129
Realisations	(302)	(109)
Transfer to Level 1	–	(4)
Increases in valuation	297	199
Closing balance as at 31 March	**1,682**	1,396

10 Dividends

A final dividend of £31,411,000 was approved and paid during the six months ended 31 March 2016 (31 March 2015: approved £nil, paid £nil).

The Board has declared an interim dividend of 1% of net asset value in respect of the current year ending 30 September 2016, amounting to 44p per ordinary share, which will be paid on 24 June 2016 to shareholders on the register of members at close of business on 13 May 2016.

Independent review report to Electra Private Equity PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Electra Private Equity PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report of Electra Private Equity PLC for the 6 month period ended 31 March 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 31 March 2016;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Report in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
3 May 2016

Notes:

(a) The Half Year Report is published on the Electra website which is maintained by Electra Partners. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Electra Partners; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Park Resorts
Holiday parks operator

Photograph taken at Sandown Beach, Isle of Wight, close to Landguard and Lower Hyde holiday parks.

Objective and Investment Policy

Electra has been quoted on the London Stock Exchange since 1976. Electra is managed as an HM Revenue and Customs approved investment trust and invests primarily in the private equity mid-market.

The business and affairs of Electra are managed on an exclusive and fully discretionary basis by Electra Partners, an independent private equity fund manager with over 25 years' experience in the mid-market.

Electra's objective is to achieve a rate of return on equity of between 10-15% per year over the long-term by investing in a portfolio of private equity assets.

Electra Partners aims to achieve this target rate of return on behalf of Electra by utilising a flexible investment strategy and:

- exploiting a track record of successful private equity investment;
- utilising the proven skills of its management team with a strong record of deal flow generation and long-term presence in the private equity market;
- targeting private equity opportunities (including direct investment, fund investments and secondary buyouts of portfolios and funds) so that the perceived risks associated with such investments are justified by expected returns;
- investing in a number of value creating transactions with a balanced risk profile across a broad range of investment sectors through a variety of financial instruments; and
- actively managing its capital position and levels of gearing in light of prevailing economic conditions.

The investment focus is principally on Western Europe, with the majority of investments made in the United Kingdom where Electra Partners has historically been most active. There is an emphasis on areas where Electra Partners has specific knowledge and expertise. In circumstances where Electra Partners feels that there is merit in gaining exposure to countries and sectors outside its network and expertise, consideration is given to investing in specific funds managed by third parties or co-investing with private equity managers with whom it has developed a relationship.

Electra Partners attempts to mitigate risk through portfolio diversification. Investments will therefore be made across a broad range of sectors and industries. At the time of investment, not more than 15% of Electra's total assets will typically be invested in any single investment. If Electra acquires a portfolio of companies in a single transaction, this limitation shall be applied individually to each of the underlying companies purchased and not to the portfolio as a whole.

Electra has a policy to maintain total gearing below 40% of its total assets.

Electra has a policy to return to shareholders a targeted 3% of NAV per annum, by way of cash dividend or share buybacks. Any shares bought back under this policy will be cancelled.

Half Year Management Report

Current and Future Development

A review of the main features of the six months to 31 March 2016 is contained in the Chairman's Statement, the Investment Highlights, Portfolio Hightlights, Portfolio Overview and Portfolio Review which are on pages 4 and 5 and 14 to 27.

Performance

A detailed review of performance during the six months to 31 March 2016 is contained in the Investment Highlights, Portfolio Highlights, Portfolio Overview and Portfolio Review on pages 14 to 27.

Risk Management

In its capacity as AIFM of the Company under AIFMD, Electra Partners is responsible for the risk management and ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with the requirements of AIFMD. The Board keeps Electra Partners' performance of these responsibilities under review as part of its overall responsibility for the Company's internal controls.

The Board and Electra Partners consider that the principal risks facing the Company are Macroeconomic Risks, Gearing Risks, Foreign Currency Risks, Long-term Strategic Risks, Investment Risks, Portfolio Diversification Risk, Valuation Risk and Operational Risk as set out in the Strategic Report of the Company's Report and Accounts for the year ended 30 September 2015 along with the risks detailed in Note 19 of the Notes to the Financial Statements as set out in the same Report and Accounts of the Company. The principal risks identified in the Company's Report and Accounts for the year ended 30 September 2015 have not changed significantly since the year end.

Related Party Transactions

Details of Related Party Transactions are contained in Note 7 of the Notes to the Accounts for the six months ended 31 March 2016.

Going Concern

The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Half Year Report as the Company has adequate resources to continue in operational existence for the foreseeable future.

Forward Looking Statements

Certain statements in this Half Year Report are forward looking. Although the Company believes that the expectations in these forward looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. The Company undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Responsibility Statement

The Directors confirm to the best of their knowledge that:

a) the condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union.

b) The Half Year Management Report includes a fair review of the information required by:

(i) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board of Directors
Dame Kate Barker
Chairman
3 May 2016

Information for Shareholders

Financial Calendar for 2016

Half-year Results announced	4 May 2016
Quarterly Update Report to 30 June 2016	July 2016
Annual Results announced	November/December 2016
Quarterly Update Report to 31 December 2016	January 2017
Annual General Meeting	January 2017

Website and Electra News via Email

For further information on share prices, regulatory news and other information, please visit www.electraequity.com.

If you would like to receive email notice of our announcements please visit the Electra website at www.electraequity.com and click on the "Subscribe to receive news alerts" logo on the Home page. Registering for email alerts will not stop you receiving Annual Reports or any other documents you have selected to receive by post or electronically.

Shareholder Enquiries

In the event of queries regarding your ordinary shareholding, please contact the Company's registrar, Equiniti Limited, who will be able to assist you with:

- registered holdings
- balance queries
- lost certificates
- change of address notifications

Equiniti Limited's full details are provided on page 79 or please visit www.equiniti.com.

If you are an existing shareholder and wish to buy more/sell your shares in Electra:
An internet and telephone dealing service has been arranged through Equiniti, which provides a simple way for UK shareholders of Electra to buy or sell Electra's shares. For full details and terms and conditions simply log onto www.shareview.co.uk/dealing or call 0371 384 2351. Please note that lines are open 8.30am to 5.30pm (UK time) Monday to Friday (excluding UK bank holidays).

The service is only available to shareholders of Electra who hold shares in their own name, with a UK registered address, who are aged 18 and over.

Shareview Dealing is provided by Equiniti Financial Services Limited. Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (FCA reference 468631). Equiniti Financial Services Limited is registered in England and Wales with number 6208699.

If you are not an existing shareholder:
We recommend you seek your own personal financial advice from an appropriately qualified independent adviser or alternatively contact your own broker. Electra Private Equity's shares are listed on the London Stock Exchange as ELTA.

Please note. The above information is not a recommendation to buy or sell shares. The value of shares and any income from them can fluctuate and you may get back less than the amount invested. If you have any doubt over what action you should take, please contact an authorised financial adviser.

Distribution policy
In February 2015 a distribution policy was announced whereby Electra proposes to return to shareholders a targeted 3% of NAV per annum, by way of cash dividend or share buybacks. Any shares bought back under this policy will be cancelled.

In line with the Company's distribution policy, a final dividend of 78p per ordinary share in respect of the year ended 30 September 2015 was paid to shareholders on the register of members at the close of business on 22 January 2016. The Board has declared an interim dividend in respect of the current year ending 30 September 2016 of 44p per ordinary share, equivalent to 1% of net asset value. The interim dividend will be paid on 24 June 2016 to shareholders on the Register of Members at the close of business on 13 May 2016. (The closing date and time for elections under the Company's Dividend Investment Plan will be 5pm on 3 June 2016).

Dividend Reinvestment Plan

A Dividend Reinvestment Plan (the "Plan") has been arranged with Equiniti, the registrar, whereby existing shareholders have the option of reinvesting any dividend payments to buy more fully paid ordinary shares in the Company.

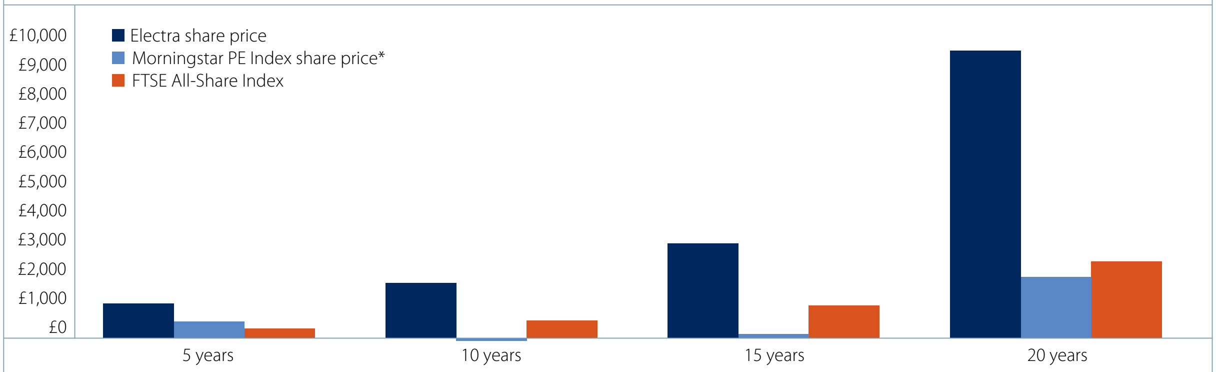
For further details on the Plan please call the Equiniti helpline on 0371 384 2351* (or +44 121 415 7047 if calling from outside the United Kingdom).

* Lines open 8.30am to 5.30pm (UK time), Monday to Friday, excluding UK bank holidays.

Dividends paid/declared since the distribution policy was revised in February 2015

Description	Dividend amount (pence per ordinary share)	Ex.dividend date	Record date	Payment date
Interim dividend 2015	38.0	04/06/2015	05/06/2015	24/07/2015
Final dividend 2015	78.0	21/01/2016	22/01/2016	26/02/2016
Declared Interim dividend 2016	44.0	12/05/2016	13/05/2016	24/06/2016

Shareholder total return performance for £1,000 invested As at 31 March 2016



* The above index, prepared by Morningstar UK Limited, reflects the performance of 20 private equity vehicles, excluding Electra, listed on the London Stock Exchange.

Trading Information – Ordinary shares

Listing	London Stock Exchange
ISIN	GB0003085445
SEDOL	0308544
Ticker/EPIC code	ELTA
Bloomberg	ELTALN
Reuters	ELTAL

Zero Dividend Preference Shares

What is a Zero Dividend Preference Share?

ZDPs are a class of share with a limited life. They provide no annual income or dividend but instead will pay out a fixed amount of capital (known as the "final capital entitlement") at a specific date in the future (known as the "redemption date"). In the case of Electra Private Equity Investments PLC, £46 million of ZDPs were raised in 2009 and have a redemption date of 5 August 2016.

In the unlikely event of Electra winding up, the holders of ZDPs would rank above the ordinary shareholders in terms of being entitled to the capital of Electra.

The ZDP is due to be repaid in August 2016. There is no intention to extend the life of the ZDP Shares or to raise a new instrument once the ZDP Shares are repaid in August 2016.

For further information please visit our website www.electraequity.com/Eltz.

Share Fraud Warning

We are aware that in the past a number of shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based brokers who target UK shareholders, offering to sell them what often turn out to be worthless or high risk shares. These operations are commonly known as Boiler Room scams.

Please be very wary of any such calls or correspondence. Ask for the name and organisation of the person calling you and check if they can be found on the FCA Register. If they are not listed, please report it directly to the FCA using their consumer helpline (0800 111 6768). You may also wish to advise us by telephoning 020 7214 4200 or emailing ir@electrapartners.com.

It is very unlikely that either the Company or the Company's Registrars, Equiniti, would make unsolicited telephone calls to shareholders. Such calls would only relate to official documentation already circulated to shareholders and never be in respect of investment advice.

Please remember that if you use an unauthorised firm to buy or sell shares, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

Other Useful Websites

LPEQ

Electra is a founder member of LPEQ, a group of private equity investment trusts and similar vehicles listed on the London Stock Exchange and other major European stock markets, formed to raise awareness and increase understanding of listed private equity.

LPEQ provides information on private equity in general, and the listed sector in particular, undertaking and publishing research and working to improve levels of knowledge about private equity among investors and their advisers.

For further information visit www.lpeq.com

Association of Investment Companies (AIC)

Electra is a member of the AIC, the trade organisation for closed-ended investment companies. The AIC represents a broad range of closed-ended investment companies, including investment trusts, offshore investment companies and venture capital trusts which are traded on the London Stock Exchange, Alternative Investment Market, Special Financials Market, Euronext and the Channel Islands Stock Exchange.

For further information visit www.theaic.co.uk

British Private Equity & Venture Capital Association (BVCA)

Electra is a member of the BVCA, the industry body and public policy advocate for the private equity and venture capital industry in the UK. The BVCA's aim is to aid understanding around the activities of its members, promote the private equity and venture capital industry to entrepreneurs and investors as well as to Government, the EU, trade unions, international media and the general public. They communicate the industry's impact and reinforce the crucial role its members play in the global economy as a catalyst for change and growth.

For further information visit www.bvca.co.uk

Glossary

AIF
Alternative Investment Fund. Electra Private Equity PLC is an AIF.

AIFM
Alternative Investment Fund Manager. Electra Partners LLP is the AIFM for Electra Private Equity PLC.

AIFMD
Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament.

Carried interest
The incentive arrangements, which are similar to arrangements found elsewhere in the private equity industry, are designed to align Electra Partners' interests with those of Electra's shareholders. These arrangements are typically referred to as "carried interest".

The carried interest payable to the members of Electra Partners is based on three year pools of investments. Under the terms of this arrangement all qualifying investments in a three year period are aggregated into a separate pool. Electra must first receive back the aggregate cost of all the investments in the pool, plus related priority profit share (see below) and an 8% compound return (this is often referred to as the "hurdle"). Once Electra has received sufficient cash to pay the amounts as described above the members of Electra Partners will be entitled to a carried interest of 18% of the profits. Consequently, they will receive the next 18/82 of the hurdle so that they will have an amount equal to 18% of the profits on the pool up to that point (this is referred to as a "catch up"). Thereafter, Electra and the members of Electra Partners will share future cash flows in the ratio of 82:18.

Below is an example to illustrate in principle how the above described arrangements work:

	£m	Assumptions
Amount invested	500	Amount invested and priority profit share
Amount realised	1,000	Realised after year five
Pool profit	500	
Hurdle	(210)	8% per annum compound
Catch up	46	18/82 of the hurdle
Balance	44	The amount over the hurdle to get to an aggregate 18% of the pool profit
Total carry	90	18%
Electra	410	82%

CLO
A Collateralised Loan Obligation, or "CLO", is a securitisation vehicle which invests in a portfolio of corporate loans and is funded with a number of tranches of rated debt and a small (typically around 10% of the capital structure) equity tranche. The equity tranche benefits from the yield arbitrage between the return on the loan portfolio and the cost of the capital structure.

Commitments
Legal obligation to provide capital for future investment in a private equity fund or in relation to a single investment.

Discount
Investment trust shares frequently trade at a discount to NAV. This occurs when the share price is less than the NAV. In this circumstance, the price that a shareholder would pay or receive for a share would be less than the value attributable to it by reference to the underlying assets. Traditionally expressed as a percentage.

Distributions to Paid-In capital (DPI)
DPI, or realisation multiple, is defined by the Global Investment Performance Standards published by the CFA Institute and is the ratio of Distributions to Paid-In capital. It measures, since inception, the cash received by a fund's investors relative to the amount contributed to the fund by those investors. DPI on page 7 comprises cumulative realisations net of investment management fees (PPS and carried interest) in the numerator and original investment cost in the denominator in respect of each fund.

Earnings multiple
This is normally referred to as a price earnings (P/E) ratio. It is the ratio of a company's valuation compared to its earnings.

EBITDA
Earnings Before Interest, Tax, Depreciation and Amortisation. Often used to compare the profitability of similar companies.

EBITDA margin
EBITDA expressed as a percentage derived by dividing EBITDA by net sales.

EV (enterprise value)
This is the aggregate value of a company's entire issued share capital and net debt.

Gearing
This is the level of a company's debt related to its equity capital and is usually expressed in percentage form. It shows the extent to which a company is funded by lenders as opposed to shareholders.

Hedging
Hedging is an investment technique designed to offset a potential loss on one investment by purchasing a second investment that is expected to perform in the opposite way.

IPO (initial public offering)
An offering by a company of its share capital to the public with a view to seeking an admission of its shares to a recognised stock exchange.

IRR (internal rate of return)
Is the annualised return on an investment calculated from the cash flows arising from that investment taking account of the timing of each cash flow. It is derived by computing the discount rate at which the present value of all subsequent cash flows arising from an investment are equal to the original amount invested. Where an IRR is stated to be net, this denotes that it has been calculated net of investment management fees (PPS and carried interest).

Listed company
Any company where the shares are freely tradable and are listed or traded on a recognised stock exchange.

LTM
Last twelve months.

NAV
This is the value of all the Company's assets minus current and long-term liabilities. Can also be referred to as 'shareholders' funds'.

NAV per share
This is the value of the Company's assets attributable to one Ordinary share. It is calculated by dividing 'shareholders' funds' by the total number of Ordinary shares in issue.

Calculation of NAV
At 31 March 2016
The issue of the Convertible Bonds in December 2010 necessitated the need to report a diluted NAV per share from the date of issue to the date of final conversion in December 2015. The calculation of the unaudited diluted NAV per share at 31 March 2015 and the audited diluted NAV at 30 September 2015 was affected by the issue of the Bonds. Electra is required to prepare accounts and report in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the European Union. Under IFRS, the Bonds were a compound financial instrument which contained both a liability and an equity component. Of the £100 million raised, £23 million of the Bonds was accounted for as an equity instrument with the balance accounted for as debt. Further details of the accounting treatment of the Bonds are set out in the Report and Accounts for the year ended 30 September 2015.

Diluted and Basic NAV

During the six months to 31 March 2016, 85,369 Convertible Bonds ("Bonds") were converted into 4,215,593 ordinary shares in the Company. Prior to this a total of 14,631 Bonds had been converted into 716,251 ordinary shares and, accordingly, the unaudited NAV per share at 31 March 2016 is calculated on the basis of the 40,270,531 ordinary shares in issue at 31 March 2016.

At 29 April 2016

The unaudited NAV per share at 29 April 2016 of 4,406p was calculated on the basis of the NAV at 31 March 2016 adjusted to reflect purchases and sales of investments, currency movements and bid values on that day in respect of listed investments.

Permanent Capital

An investment entity that manages capital for an unlimited time horizon.

Priority Profit Share

This is a share of profits equivalent to a management fee. It is calculated at 1.5% of the gross value of the Company's core investment portfolio. From 1 April 2015 the management fee on Non-Core Listed and Primary Fund Investments has reduced to 1%.

Return on Equity (ROE)

This is the total return divided by opening shareholder funds. Electra's ROE has been calculated by taking the percentage change in NAV per share and adding back dividends paid per share.

Total return

The total return to shareholders is the aggregate of income and capital profits of the investment portfolio for the year less all costs.

Total Value to Paid-In capital (TVPI)

TVPI, or investment multiple, is defined by the Global Investment Performance Standards published by the CFA Institute and is the ratio of Total Value to Paid-In capital. It measures, since inception, the aggregate of the cash received by and the residual value attributable to a fund's investors relative to the amount contributed to the fund by those investors. TVPI on page 7 comprises cumulative realisations and fair value net of investment management fees (PPS and carried interest) in the numerator and original investment cost in the denominator in respect of each pool.

Unlisted company

Any company whose shares are not listed or traded on a recognised stock exchange.

Contact Details

Board of Directors
Dame Kate Barker (Chairman)
Roger Perkin (Senior Independent Director)
Francesca Barnes
Edward Bramson
Ian Brindle
Josyane Gold
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