

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you should immediately seek your own professional advice from your stockbroker, solicitor, accountant, bank manager or other appropriately qualified independent financial adviser who is authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom or, if you are resident in another jurisdiction, from another appropriately authorised independent financial adviser. All Shareholders are advised to consult their professional advisers regarding their own tax position.

If you sell or have sold or transferred all of your Ordinary Shares, please send this Circular (but not the Tender Form or other accompanying documents) to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, these documents should not be forwarded or transmitted in or into any Restricted Jurisdiction. If you sell or have sold part of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

HSBC and Morgan Stanley, each of whom is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority, are acting for the Company and no one else in connection with the Tender Offer and the Rule 9 Waiver Resolution and HSBC and Morgan Stanley, their affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than the Company for providing the protections afforded to their clients nor for providing advice in connection with the Tender Offer, the Rule 9 Waiver Resolution or any other matters or arrangements referred to in this Circular.

Apart from the responsibilities and liabilities, if any, which may be imposed on HSBC and Morgan Stanley by FSMA, the FS Act or the regulatory regimes established thereunder, HSBC and Morgan Stanley accept no responsibility or liability whatsoever nor make any representation or warranty, express or implied, concerning the contents of this Circular, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Tender Offer, the Rule 9 Waiver Resolution or this Circular. Each of HSBC and Morgan Stanley, their affiliates and their respective directors, officers, employees and agents accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Circular or any such statement.

A Notice of General Meeting of the Company, to be held at 9.00 a.m. on 2 December 2016 at the offices of etc.venues, 200 Aldersgate, St Paul's, London EC1A 4HD is set out at the end of this Circular. Whether or not you intend to be present at the General Meeting, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar by not later than 9.00 a.m. on 30 November 2016. Completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, should you so wish.



Electra Private Equity PLC

(Incorporated in England and Wales with registered number 00303062)

Return of capital by way of Tender Offer to purchase Ordinary Shares of Electra Private Equity PLC up to a maximum value of £200 million

and

Proposal for approval of Waiver by the Panel on Takeovers and Mergers under Rule 9 of the City Code on Takeovers and Mergers

and

Notice of General Meeting

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read paragraph 8 in Part IV of this Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements.

This Circular does not constitute an offer to purchase, or solicitation of an offer to sell, Ordinary Shares in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities laws.

Accordingly, unless otherwise determined by HSBC and Morgan Stanley and permitted by applicable law and regulation, neither this Circular nor the accompanying Tender Form and/or any related document is being, nor may it be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent in, into or from any Restricted Jurisdiction, and persons receiving this Circular, the Tender Form and/or any related document (including, without limitation, trustees, nominees or custodians) must not mail or otherwise forward, distribute or send it in, into or from such Restricted Jurisdiction, as to do so may invalidate any purported acceptance of the Tender Offer. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward this Circular, the accompanying Tender Form and/or any

related document to any jurisdiction outside the United Kingdom, should seek appropriate advice before taking any action.

The Company, certain affiliated companies, the nominees or brokers (acting as agents), including HSBC and Morgan Stanley may, and intend to, make certain purchases of, or arrangements to purchase, Ordinary Shares outside the Tender Offer during the period in which the Tender Offer remains open for acceptance. Such purchases or arrangements to purchase will be made outside the United States and will comply with applicable law. Information regarding such purchases will be disclosed in the United States on the Company's website to the extent that such information is made public in the United Kingdom. The Tender Offer is being made in the United States by Morgan Stanley & Co. LLC, acting as nominee for Morgan Stanley, and no one else.

The delivery of this Circular shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof, or that there has been no change in the information set forth herein or in the affairs of the Company since the date hereof. No dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Tender Offer or the Rule 9 Waiver other than such information or representations contained herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Company or HSBC or Morgan Stanley, their affiliates or any of their respective directors, officers, employees or agents.

This Circular is dated 8 November 2016.

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WHERE TO FIND HELP

Part III of this Circular answers some of the questions most often asked by shareholders about tender offers and the procedure for participation in this Tender Offer. If you have further questions that are not answered in Part III of this Circular, please contact Equiniti Limited on 0333 207 6514 or +44 121 415 0993 (if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the proposals described in this Circular nor give financial, tax, investment or legal advice. The Shareholder Helpline will remain available for use up to and including 13 January 2017.

Please note that for legal reasons the Shareholder Helpline will only be able to provide information contained in this Circular and the accompanying Tender Form and will be unable to give advice on the merits of the Tender Offer or to provide financial, investment or taxation advice.

IMPORTANT INFORMATION

Forward-looking statements

This Circular includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this Circular and include statements regarding the Directors’ intentions, beliefs or current expectations concerning, amongst other things, the Company’s results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: ability to find appropriate investments in which to invest and to realise investments held by the Company; conditions in the public markets; the market position of the Company; the earnings, financial position, cash flows and return on capital of the Company; the anticipated investments and capital expenditures of the Company; changing business or other market conditions; and general economic conditions.

These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this Circular based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Prospectus Rules, the Disclosure Guidance and Transparency Rules or other applicable legislation or regulation, the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this Circular.

No profit forecast

No statement in this Circular or incorporated by reference into this Circular is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or less than those for the preceding financial periods of the Company.

NOTICE FOR US SHAREHOLDERS

The Tender Offer relates to securities of a non-US company that is subject to the disclosure requirements, rules and practices applicable to companies listed in the UK, which differ from those of the United States in certain material respects. This Circular has been prepared in accordance with UK style and practice for the purpose of complying with English law and the Listing Rules, and US Shareholders should read this entire Circular. The Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the US Exchange Act. The Tender Offer will be made in the United States in accordance with the requirements of Regulation 14E under the US Exchange Act, as exempted by Rule 14d-1(d) thereunder. US Shareholders should note that the Ordinary Shares are not listed on a US securities exchange and the Company is not subject to the periodic reporting requirements of the US Exchange Act and is not required to, and does not, file any reports with the US Securities and Exchange Commission thereunder.

To the extent permitted by applicable law and in accordance with normal UK practice, the Company, HSBC, Morgan Stanley, or any of their affiliates, may make certain purchases of, or arrangements to purchase, Ordinary Shares outside the United States during the period in which the Tender Offer remains open for acceptance, including sales and purchases of Ordinary Shares effected by HSBC and Morgan Stanley acting as market makers in the Ordinary Shares. These purchases, or other arrangements, may occur either in the open market at prevailing prices or in private transactions at negotiated prices. In order to be excepted from the requirements of Rule 14e-5 under the US Exchange Act by virtue of Rule 14e-5(b)(12) thereunder, such purchases, or arrangements to purchase, must comply with applicable English law and regulation, including the Listing Rules, and the relevant provisions of the US Exchange Act. Any information about such purchases will be disclosed as required in the UK and the United States and, if required, will be

reported via the Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at <http://www.londonstockexchange.com>.

The Tender Offer has not been approved by the SEC or by the securities regulatory authority of any state or of any other United States jurisdiction, nor has the SEC or any such securities regulatory authority passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. In those jurisdictions where the securities, "blue sky" or other laws require the Tender Offer to be made by a licensed broker or dealer, the Tender Offer shall be deemed to be made on behalf of the Company by Morgan Stanley or one or more registered brokers or dealers licensed under the laws of such jurisdiction. This document does not constitute an offer to purchase, or solicitation of an offer to sell, Ordinary Shares in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer or solicitation under applicable securities laws.

The delivery of this Circular shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof, or that there has been no change in the information set forth herein or in the affairs of the Company since the date hereof. No dealer, salesperson or other person is authorised to give any information or to make any representations with respect to the Tender Offer other than such information or representations contained herein and, if given or made, such information or representations must not be relied upon as having been authorised by the Company.

PART I

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Tender Offer opens	8 November 2016
Latest time and date for receipt of Forms of Proxy for the General Meeting	9.00 a.m. on 30 November 2016
General Meeting	9.00 a.m. on 2 December 2016
Announcement of results of the General Meeting	2 December 2016
Announcement of Group's 2016 Results	9 December 2016
Latest time and date for receipt of Tender Forms and share certificates in relation to the Tender Offer	6.00 p.m. on 21 December 2016
Latest time and date for settlement of TTE Instructions in relation to the Tender Offer	6.00 p.m. on 21 December 2016
Tender Offer Record Date	6.00 p.m. on 21 December 2016
Announcement of results of the Tender Offer	22 December 2016
Purchase of Ordinary Shares under the Tender Offer	22 December 2016
CREST accounts credited in respect of Tender Offer proceeds for Uncertificated Ordinary Shares	23 December 2016
CREST accounts credited for revised, Uncertificated holdings of Ordinary Shares (or, in the case of unsuccessful tenders, for entire holdings of Ordinary Shares)	23 December 2016
Cheques despatched in respect of Tender Offer proceeds for Certificated Ordinary Shares	30 December 2016
Return of share certificates in respect of unsuccessful tenders of Ordinary Shares in Certificated form	by 9 January 2017
Despatch of balance share certificates in respect of unsold Ordinary Shares in Certificated form	by 9 January 2017

The Tender Offer will be open for at least 20 US business days as required by Section 14(e) and Regulation 14E of the US Exchange Act. The dates and times given (which are UK times) are based on the Company's current expectation and may be subject to change. Any changes to the expected timetable will be announced via a Regulatory Information Service.

PART II

LETTER FROM THE CHAIRMAN OF ELECTRA PRIVATE EQUITY PLC

(Incorporated in England and Wales with registered number 00303062)

Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

8 November 2016

Directors

Neil Johnson (*Chairman*)
Edward Bramson
Ian Brindle
Paul Goodson
David Lis
Roger Perkin

Dear Shareholder

Proposed return of up to £200 million to Shareholders by way of a Tender Offer

Introduction

The Company has today announced details of a proposal to return up to £200 million to Shareholders by way of a tender offer by the Counterparty Bank (acting as principal) as detailed in Part IV of this Circular.

The Tender Offer requires the approval of Shareholders by special resolution. The Tender Offer is also conditional, amongst other things, on the Rule 9 Waiver Resolution being approved by the Independent Shareholders by ordinary resolution on a poll.

The purpose of this Circular is to set out the proposals for the Tender Offer and the Waiver and to convene a general meeting of the Company to consider and, if thought fit, pass the necessary Resolutions.

Background to the Tender Offer

Following the announcement of the Company's strategic review (the "**Review**") on 25 January 2016 and the giving by the Company of notice of termination of its Management and Investment Guideline Agreement (the "**MIG**") with Electra Partners on 26 May 2016, the Company has continued to realise cash through asset realisations, but has reduced reinvestment pending the outcome of the Review. The outcome of Phase I of the Review and the intention to undertake the proposed Tender Offer was announced on 14 October 2016.

The principal outcome of Phase I of the Review was that the Company intends to migrate to a corporate structure and cease to be a fund. The Company is developing internal resources to assume all operating and investment activities from 1 June 2017. As a result of ongoing restrictions under the MIG, the Company is unable to evaluate its portfolio fully until after the termination of the MIG takes effect on 1 June 2017, or earlier should Electra Partners agree to grant the Company access to the portfolio companies' financial information and management teams.

In the period since 31 March 2016 the Company has made a number of asset realisations (details of which are contained in the relevant announcements, available on the 'News' page of the Company's website at www.electraequity.com) that have had the effect of increasing both the Company's net asset value and its cash balance. Full details of these items will be reflected in the Group's audited results for its financial year ended 30 September 2016 (the "**Group's 2016 Results**"), which are due to be announced on 9 December 2016 and will be published on the Company's website at www.electraequity.com at the time of announcement.

The Board believes that the cash accumulated through the recent asset realisations could have a negative impact on continued growth in net asset value per Ordinary Share and does not provide the most efficient capital structure for the Company. Within its existing investment policy the

Company is able to manage the potential negative impact on growth in net asset value by undertaking share buy-backs and implementing the Tender Offer.

The repurchase of Ordinary Shares following the Tender Offer will be financed from the Company's existing resources. As of 30 September 2016, the Company's cash balance was in excess of £650 million. Accordingly, following a return of capital of up to £200 million, the Company would remain in a net cash position with a strong balance sheet.

The Board will not treat sums paid to Shareholders through the Tender Offer as forming part of the targeted 3% of the Company's net asset value which it aims to pay to Shareholders each year by way of cash dividends or share buy-backs.

Reasons for implementing the Tender Offer

The Company has considered several options for returning value to Shareholders. For the purpose of this return of up to £200 million, the Board decided to implement a tender offer because it believes this process benefits both Shareholders and the Company. In particular the Tender Offer:

- provides Shareholders with the choice of whether or not they wish to tender all or part of their Ordinary Shares;
- is available to Shareholders irrespective of the size of their shareholdings;
- enables Shareholders who do not wish to receive cash at this time to maintain their full investment in the Company; and
- enables the Company to facilitate the repurchase in a single transaction.

The return of excess cash by the Company to Shareholders should also reduce the negative impact of holding this cash on growth in net asset value per Ordinary Share.

The Tender Offer

It is proposed that up to 4,651,162 Ordinary Shares (representing approximately 11.55% of the Issued Ordinary Share Capital) be purchased under the Tender Offer, for a maximum aggregate cash consideration of £200 million. Qualifying Shareholders will be able to tender their Ordinary Shares within the range of prices from 4,300 pence to 4,650 pence per Ordinary Share inclusive (the "**Price Range**"). 4,300 pence per Ordinary Share represents a discount of 2.7%, and 4,650 pence per Ordinary Share represents a premium of 5.3%, to the closing price per Ordinary Share of 4,418 pence on 7 November 2016 (being the latest practicable date prior to publication of this Circular).

A single price per Ordinary Share will be paid in respect of all Ordinary Shares purchased by the Counterparty Bank pursuant to the Tender Offer, being the Strike Price. The Strike Price will be the lowest price per Ordinary Share in the Price Range that will allow the Counterparty Bank to purchase the maximum number of Ordinary Shares for a total cost not exceeding £200 million (or, if less, the net asset value per Ordinary Share as shown by the Group's 2016 Results).

Qualifying Shareholders will be entitled to tender some or all of their Ordinary Shares to be purchased by the Counterparty Bank (acting as principal). Qualifying Shareholders may tender their Ordinary Shares for sale at a price (or prices) within the Price Range. **Subject to satisfaction of the Tender Conditions, the Counterparty Bank will purchase all Ordinary Shares validly tendered under the Tender Offer at a single price per Ordinary Share (the "Strike Price"), which will be determined at the end of the Tender Offer period in accordance with the mechanism set out below.**

The Tender Offer is being made available to Qualifying Shareholders who are on the Register at 6.00 p.m. on 21 December 2016 (the "**Tender Offer Record Date**").

The Tender Offer is to be effected by the Counterparty Bank (acting as principal) purchasing Ordinary Shares from Qualifying Shareholders. The Counterparty Bank, in turn, has the right to require the Company to purchase from it, and can be required by the Company to sell to it, such Ordinary Shares at the Strike Price under a tender offer and option agreement (the "**Tender Offer and Option Agreement**"), details of which are set out in paragraph 9 of Part VI of this Circular. All Ordinary Shares purchased by the Company from the Counterparty Bank in connection with the Tender Offer will be cancelled.

Options available to Shareholders in respect of the Tender Offer

Shareholders do not have to tender any Ordinary Shares if they do not wish to do so.

Qualifying Shareholders who wish to participate in the Tender Offer can tender their Ordinary Shares in the following ways:

- (a) submit a tender at whatever price is determined under the terms of the Tender Offer to be the Strike Price (a “**Strike Price Tender**”);
- (b) submit a tender at a single price within the Price Range; or
- (c) submit a tender at more than one of the prices within the Price Range (which may include a Strike Price Tender).

Any tender other than a Strike Price Tender must be at one of the available 25-pence increments within the Price Range, as indicated on the Tender Form (in the case of Certificated Ordinary Shares) or as explained in paragraph 3.3 of Part IV of this Circular (in the case of Uncertificated Ordinary Shares).

The Tender Offer will close at 6.00 p.m. on 21 December 2016 (the “**Closing Date**”) and tenders received after that time will not be accepted (unless the Closing Date is extended).

Price which Qualifying Shareholders will receive in respect of Ordinary Shares they successfully tender

A single price per Ordinary Share will be paid in respect of all Ordinary Shares purchased by the Counterparty Bank pursuant to the Tender Offer, being the Strike Price.

The Strike Price will be the lowest price per Ordinary Share in the Price Range that will allow the Counterparty Bank to purchase the maximum number of Ordinary Shares for a total cost not exceeding £200 million (or, if less, the net asset value per Ordinary Share as shown by the Group’s 2016 Results, which are due to be announced on 9 December 2016 and which will be published on the Company’s website at www.electraequity.com at the time of announcement).

Qualifying Shareholders who tender Ordinary Shares at a price below or at the Strike Price or as Strike Price Tenders will receive the Strike Price for all valid tenders accepted subject, where applicable, to the scaling-back arrangements described below.

Number of Ordinary Shares which will be purchased pursuant to the Tender Offer

If the aggregate value at the Strike Price of all validly tendered Ordinary Shares is £200 million or less, then all Ordinary Shares validly tendered will be accepted and purchased at the Strike Price.

In the event that the aggregate value at the Strike Price of all validly tendered Ordinary Shares exceeds £200 million, not all of the Ordinary Shares validly tendered will be accepted and purchased and the priority of acceptances will depend on whether the Strike Price is at or above the minimum price in the Price Range of 4,300 pence per Ordinary Share (the “**Minimum Price**”).

If the aggregate value at the Strike Price of all validly tendered Ordinary Shares exceeds £200 million and the Strike Price is:

- (a) above the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:
 - (i) all Ordinary Shares validly tendered at a price below the Strike Price or as a Strike Price Tender will be accepted and purchased in full;
 - (ii) all Ordinary Shares validly tendered at the price in the Price Range which is determined to be the Strike Price will be scaled down *pro rata* to the number of Ordinary Shares tendered at that price so that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £200 million; and
 - (iii) all Ordinary Shares tendered at a price which exceeds the Strike Price will be rejected and will not be purchased by the Counterparty Bank; and
- (b) at the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:
 - (i) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price up to the Guaranteed Entitlement, for each relevant holding of Ordinary Shares, will be accepted and purchased in full or, if greater, up to 250 Ordinary Shares (or such lesser number as will ensure that the aggregate value at the Strike Price of all successfully tendered Ordinary Shares does not exceed £200 million);

- (ii) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price in excess of those referred to in paragraph (b)(i) above will be scaled down *pro rata* to the total number of such Ordinary Shares tendered in those ways in excess of the Guaranteed Entitlement so that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £200 million; and
- (iii) all Ordinary Shares tendered at a price higher than the Minimum Price will be rejected and will not be purchased by the Counterparty Bank.

Successfully tendered Ordinary Shares will be purchased free from commissions and dealing charges. Any Ordinary Shares purchased by the Company from the Counterparty Bank pursuant to the Tender Offer and Option Agreement will be cancelled and will not rank for any future dividends. Any rights of Shareholders who choose not to tender their Ordinary Shares will be unaffected.

Guaranteed Entitlement

The Guaranteed Entitlement is only relevant if the Tender Offer is oversubscribed and the Strike Price is determined to be the Minimum Price. Tenders in respect of up to approximately 10% of each Shareholder's holding of Ordinary Shares on the Tender Offer Record Date will be accepted in full at the Minimum Price and will not be scaled down, provided that such Ordinary Shares are validly tendered as Strike Price Tenders or at the Minimum Price. This percentage is known as the "**Guaranteed Entitlement**". In addition, up to 250 Ordinary Shares which are validly tendered by a Qualifying Shareholder as a Strike Price Tender or at the Minimum Price will be accepted and purchased in full where this is greater than the Guaranteed Entitlement. For the avoidance of doubt, if the Strike Price is above the Minimum Price all Ordinary Shares that are validly tendered as Strike Price Tenders or at the Minimum Price will be accepted in full.

Qualifying Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, if the Tender Offer is oversubscribed and the Strike Price is determined to be the Minimum Price, the tender of such excess Ordinary Shares will only be successful to the extent that other Shareholders have tendered less than their Guaranteed Entitlement at the Minimum Price or as a Strike Price Tender, or to the extent that the Guaranteed Entitlement is less than 250 Ordinary Shares (or relevant lesser number, as set out above).

Circumstances in which the Tender Offer may not proceed

The Tender Offer is conditional on, among other things, the passing of the Resolutions set out in the Notice of General Meeting. The Tender Offer is also conditional on the other conditions specified in Part IV of this Circular.

The Board has reserved the right, at any time prior to the announcement of the results of the Tender Offer, to require the Counterparty Bank not to proceed with the Tender Offer if it concludes that the implementation of the Tender Offer is no longer in the interests of the Company and/or Shareholders as a whole. The Board has also reserved the right, at any time prior to the announcement of the results of the Tender Offer, with the prior consent of HSBC and Morgan Stanley, to revise the aggregate value of the Tender Offer, or to extend the period during which the Tender Offer is open, based on market conditions and/or other factors, subject to compliance with applicable legal and regulatory requirements. An appropriate announcement will be made if the Board elects to exercise any of these rights and/or the Tender Offer does not proceed.

Withdrawal and amendments to your Tender Offer

You can withdraw or amend your tender of Ordinary Shares at any time up until 6.00 p.m. on 21 December 2016 (unless the Tender Offer is extended). This is eight Business Days after the expected date of announcement of the Group's 2016 Results (which will be published on the Company's website at www.electraequity.com at the time of announcement), which will show the audited net asset value per Ordinary Share at 30 September 2016.

Full terms and conditions of the Tender Offer

Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in Part IV of this Circular. Some questions and answers related to the Tender Offer are set out in Part III of this Circular.

Action to be taken

Shareholders are not obliged to tender any of their Ordinary Shares if they do not wish to do so. If no action is taken by Shareholders there will be no change to the number of Ordinary Shares they hold and they will receive no cash as a result of the Tender Offer. You should read the whole of this Circular and not rely solely on the information in this letter. Shareholders should refer to the paragraph headed “Action to be taken” below, and to the full details of the applicable procedures and related timings set out in Part IV of this Circular, for the action to be taken in respect of the Tender Offer.

The Board is making no recommendation to Shareholders in relation to their participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend on, among other things, their view of the Company’s prospects and their own individual circumstances, including their tax position. Shareholders need to make their own decision and are recommended to consult a duly authorised independent adviser.

Rule 9 Waiver

The Sherborne Parties are viewed as acting in concert for the purposes of the Takeover Code. Details of the Sherborne Parties are given in paragraph 4 of Part VI of this Circular.

Edward Bramson, a director of the Company, is a managing member of Sherborne Investors Management LP and is interested in the Ordinary Shares in which the Sherborne Parties (other than Ian Brindle) are interested. Ian Brindle is also a director of the Company. The Company understands that the Panel Executive views Ian Brindle to be a Sherborne Party for the purposes of the Takeover Code. The Company, Sherborne Investors or Ian Brindle may ask the Panel Executive to reconsider their view in the future.

The Sherborne Parties are interested in 28.38% of the Issued Ordinary Share Capital. They reserve the right to participate in the Tender Offer but their shareholding in the Company could potentially increase as a result of the implementation of the Tender Offer. If they do not participate, their holding could increase to 32.08%, should the Tender Offer be taken up in full by Shareholders at the Minimum Price. Consequently, the Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Tender Offer to occur without triggering an obligation on the part of the Sherborne Parties to make a general offer to Shareholders. The Panel has agreed, subject to the approval of Independent Shareholders on a poll vote, to waive the requirement for the Sherborne Parties to make a general offer to all Shareholders.

The Waiver relates only to any increase in the percentage of Ordinary Shares in which the Sherborne Parties are interested as a result of the Tender Offer and the subsequent repurchase of Ordinary Shares, and is conditional on the passing of the Rule 9 Waiver Resolution by the Independent Shareholders on a poll. As the Sherborne Parties are interested in the outcome of the Rule 9 Waiver Resolution, the voting rights held by them will not be exercised on that resolution. Approval of the Rule 9 Waiver Resolution will not restrict the Sherborne Parties from making a future offer for the Company, but they have confirmed that it is not their intention to make any offer for the Ordinary Shares.

Additional information on the Sherborne Parties and the Waiver is set out in Part VI of this Circular.

Dividends

Successfully tendered Ordinary Shares will not rank for future dividends of the Company. The Company does not intend to declare or pay any dividend for which the record date would fall on or before the Closing Date.

Tax

Shareholders should take into account their own tax position when deciding whether or not to participate in the Tender Offer. A guide to certain UK tax consequences of the Tender Offer for Shareholders under UK law and HMRC practice is set out in Part V of this Circular.

Shareholders who are subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser.

Overseas Shareholders

The attention of Shareholders who are not resident in the United Kingdom is drawn to paragraph 8 in Part IV of this Circular.

General Meeting

A general meeting is being convened at 9.00 a.m. on 2 December 2016 at the offices of etc.venues, 200 Aldersgate, St Paul's, London EC1A 4HD to consider and, if thought fit, pass the Resolutions, as set out in full in the Notice of General Meeting at the end of this Circular.

Resolutions

In summary, the Resolutions seek the approval of Shareholders:

1. for the waiver by the Panel of any obligation which might otherwise arise, pursuant to Rule 9 of the Takeover Code, for the Sherborne Parties (or any of them) to make a general offer to all Shareholders following any increase in the percentage of shares in the Company carrying voting rights in which the Sherborne Parties (or any of them) are interested as a result of the Tender Offer and the subsequent repurchase of Ordinary Shares as described in this Circular; and
2. conditional upon the waiver by the Panel becoming effective, for the grant of authority to the Company to make one or more market purchases of Ordinary Shares in connection with the Tender Offer, provided that:
 - (a) the maximum number of Ordinary Shares that may be purchased under this authority is 4,651,162 Ordinary Shares;
 - (b) the minimum price which may be paid for any Ordinary Share is 4,300 pence;
 - (c) the maximum price which may be paid for any Ordinary Share is 4,650 pence; and
 - (d) the authority will expire at the close of business on 2 June 2017.

Resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as a special resolution. Resolution 1 may be voted on only by the Independent Shareholders. As required by the Takeover Code, voting on resolution 1 will be by means of a poll of the Independent Shareholders.

You should read the above summary in conjunction with the Resolutions set out in the Notice of General Meeting at the end of this Circular.

Action to be taken

In relation to the General Meeting

Shareholders will find enclosed a Form of Proxy for use in connection with the General Meeting. Whether or not Shareholders intend to be present at the meeting, they are requested to complete and return the Form of Proxy as soon as possible and, in any event, so as to be received by the Registrar, Equiniti Limited, not later than 9.00 a.m. on 30 November 2016. The Form of Proxy can be posted free of charge from inside the UK.

The completion and return of Forms of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

In relation to the Tender Offer

The procedure for tendering Ordinary Shares depends on whether Ordinary Shares are held in Certificated or Uncertificated form and is summarised below.

1. Shares held in Certificated form

Shareholders who hold Ordinary Shares in Certificated form and who wish to tender all or any of their existing holdings of Ordinary Shares should complete the Tender Form in accordance with the instructions printed thereon (including a witnessed signature) and in Part IV of this Circular and return it by post or by hand to the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. A prepaid envelope (for use inside the UK) is enclosed for this purpose. Shareholders who hold their Ordinary Shares in Certificated form should also return their share certificate(s) in respect of the shares

tendered. Completed Tender Forms must be received by not later than 6.00 p.m. on 21 December 2016. Further details of the procedures for tendering and settlement are set out in Part IV of this Circular and in the accompanying Tender Form.

2. Shares held in Uncertificated form

Shareholders who hold their Ordinary Shares in Uncertificated form (that is, in CREST) and who wish to tender all or any of their existing holdings of Ordinary Shares should tender electronically through CREST so that the TTE Instruction settles no later than 6.00 p.m. on 21 December 2016. Further details of the procedures for tendering and settlement are set out in Part IV of this Circular.

If you are in any doubt about the completion of the Tender Form or making a TTE Instruction, please contact the Registrar, Equiniti Limited. A Shareholder Helpline has been set up on 0333 207 6514 or +44 121 415 0993 (if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the proposals described in this Circular nor give financial, tax, investment or legal advice.

The CREST Manual may also assist you in making a TTE Instruction.

Further information

Shareholders who do NOT wish to sell any Ordinary Shares under the Tender Offer should take no action in relation to the Tender Form and will not be required to make a TTE Instruction. Shareholders are nevertheless encouraged to vote on the Rule 9 Waiver Resolution and the Tender Offer Resolution at the General Meeting.

Part III of this Circular sets out the answers to some questions you may have on the Tender Offer.

Recommendation

Rule 9 Waiver Resolution

The Independent Directors, who have been so advised by HSBC and Morgan Stanley, consider the transaction comprising the Waiver and the Tender Offer to be fair and reasonable and in the best interests of the Company and the Independent Shareholders. In providing advice to the Independent Directors, HSBC and Morgan Stanley have taken into account the Independent Directors' commercial assessments. Accordingly, the Independent Directors unanimously recommend that the Independent Shareholders vote in favour of the Rule 9 Waiver Resolution at the General Meeting, as the Independent Directors intend to do in respect of their own beneficial holdings of, in aggregate, 6,774 Ordinary Shares, representing approximately 0.02% of the current Issued Ordinary Share Capital of the Company.

Tender Offer Resolution

The Board considers that the Tender Offer is in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that all Shareholders vote in favour of the Tender Offer Resolution at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings of 11,433,557 Ordinary Shares in aggregate, representing approximately 28.39% of the current Issued Ordinary Share Capital of the Company.

Tender Offer

The Board is making no recommendation to Shareholders in relation to participation in the Tender Offer itself. Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend, among other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.

The Sherborne Parties reserve the right to tender the Ordinary Shares in which they are interested through the Tender Offer. Each of the Directors (other than Edward Bramson, who is one of the Sherborne Parties) has confirmed that he does not currently intend to tender through the Tender Offer any of the Ordinary Shares held by him.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Johnson', with a long horizontal line extending from the end of the signature.

Neil Johnson
Chairman

If you have any questions about the procedure for tendering Ordinary Shares or making a TTE Instruction or you want help filling in the Form of Proxy, or Tender Form, please telephone the Shareholder Helpline on 0333 207 6514 or +44 121 415 0993 (if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the proposals described in this Circular nor give financial, tax, investment or legal advice. The Shareholder Helpline will remain open up to and including 13 January 2017.

PART III

QUESTIONS AND ANSWERS ON THE TENDER OFFER

To help you understand what is involved in the Tender Offer we have prepared some questions and answers. You should read the whole of this Circular and not rely solely on the summary information in this Part III. Part II of this Circular contains a letter from the Company in relation to the Tender Offer, and Part IV of this Circular, sets out the detailed terms and conditions of the Tender Offer. In the event of any inconsistency between the contents of this Part III and the terms and conditions set out in Part IV of this Circular, the terms and conditions set out in Part IV of this Circular shall prevail.

Why have I been sent so much paperwork?

We are required to provide all Shareholders with full details of the Tender Offer. These documents contain important information and you should read them carefully as you have a right to vote on the Tender Offer even if you do not wish to participate in it. All Shareholders, unless restricted by any applicable law or regulation, have been sent a copy of this Circular.

What documents have I been sent?

Certificated Shareholders

Shareholders who hold their Ordinary Shares in Certificated form will receive:

- this Circular;
- a Form of Proxy;
- a Tender Form;
- a prepaid envelope (for use inside the UK); and
- in the case of each Qualifying Shareholder whose address on the Register is outside the United Kingdom, a form by which the Shareholder may appoint Equiniti to receive his sterling Tender Offer proceeds on his behalf, convert these proceeds into a currency of the Shareholder's choice and pay the converted funds to the Shareholder by bank transfer (a "**Forex Form**").

Uncertificated Shareholders

Shareholders who hold their Ordinary Shares in Uncertificated form (that is, in CREST) will receive:

- this Circular; and
- a Form of Proxy.

What is the Tender Offer?

The Tender Offer is the method by which the Company intends to repurchase its own Ordinary Shares up to a maximum cost of £200 million. Shareholders are given the opportunity to tender their Ordinary Shares for cash to the Counterparty Bank (acting as principal), which will acquire successfully tendered Ordinary Shares at the Strike Price and then sell them to the Company at the same price.

Why is the Company undertaking the Tender Offer?

The Board is committed to delivering value for Shareholders. The Tender Offer is a method for the Company to return excess cash to Shareholders and for the Company to avoid the negative impact of holding excess cash on growth in net asset value per Ordinary Share.

There are a number of different ways of returning value to Shareholders. In determining the most appropriate way of returning value to Shareholders, the Board has to act in good faith, in the way most likely to promote the success of the Company for the benefit of its members as a whole. The Board was keen to ensure that all holders of Ordinary Shares could participate in the return of value whilst allowing Shareholders individually to choose whether to participate in the Tender Offer or not. As a Shareholder you can decide whether you want to tender your Ordinary Shares under the Tender Offer or to keep them.

How is the Company funding the Tender Offer?

The ultimate purchase by the Company of Ordinary Shares successfully tendered under the Tender Offer will be funded from the Company's existing cash resources.

Why has a Price Range been set?

The Price Range has been set to give Shareholders guidance as to the levels at which the Counterparty Bank (acting as principal) and in turn the Company, are prepared to purchase the validly tendered Ordinary Shares and to allow Shareholders to indicate the price(s) at which they would be prepared to sell their Ordinary Shares.

You can either offer your Ordinary Shares at the Strike Price, which will be determined at the end of the tender process, or you can offer them at a price or prices that you specify in the Price Range.

Who is eligible to participate in the Tender Offer?

The Tender Offer is open to both private and institutional Qualifying Shareholders alike who are on the Register at 6.00 p.m. on 21 December 2016. For legal reasons we are unable to offer our Shareholders who are resident in a Restricted Jurisdiction the ability to participate in the Tender Offer.

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the additional information set out in paragraph 8 of Part IV of this Circular.

Do I have to tender my Ordinary Shares?

No. You are not obliged to tender any of your Ordinary Shares. If you choose not to tender any Ordinary Shares, your holding will be unaffected, save for the fact that you will end up owning a greater percentage of the Issued Ordinary Share Capital after the Tender Offer than you did before, as there will be fewer Ordinary Shares in issue after completion of the Tender Offer than before.

You may vote in the General Meeting to approve the Tender Offer Resolution and the Rule 9 Waiver Resolution even if you do not wish to tender any Ordinary Shares.

Will I be able to tender some but not all of my Ordinary Shares?

You are able to tender all or some of your Ordinary Shares under the terms of the Tender Offer. Details of how to do this are set out in the enclosed Tender Form.

Holders of Ordinary Shares in Uncertificated form (that is, in CREST) are directed to paragraph 3.3 in Part IV of this Circular, which details specific procedures for those Shareholders.

Am I able to withdraw my Tender Offer?

You have a right to withdraw your tender of Ordinary Shares up until 6.00 p.m. on 21 December 2016 (unless the Tender Offer is extended). This is eight Business Days after the expected date of announcement of the Group's 2016 Results (which will be published on the Company's website at www.electraequity.com at the time of announcement), which will show the audited net asset value per Ordinary Share at 30 September 2016 at which the Strike Price is capped (as described in the section headed 'Price which Qualifying Shareholders will receive in respect of Ordinary Shares they successfully tender' in Part II of this Circular).

What happens to the Ordinary Shares that are "successfully tendered"?

The Tender Offer is being made by the Counterparty Bank acting as principal. The Counterparty Bank and the Company have entered into the Tender Offer and Option Agreement pursuant to which the Counterparty Bank has the right to require the Company to purchase from the Counterparty Bank the Ordinary Shares purchased by it under the Tender Offer and the Company has the right to require the Counterparty Bank to sell the Ordinary Shares purchased by it under the Tender Offer, at an amount equal to the Strike Price.

It is the Company's intention to cancel the Ordinary Shares that are successfully tendered to the Counterparty Bank and subsequently purchased by the Company pursuant to the Tender Offer and Option Agreement. There will therefore be fewer Ordinary Shares in issue after completion of the Tender Offer process than before.

If you tender your Ordinary Shares at a price above the Strike Price, those Ordinary Shares will not be purchased and either those Ordinary Shares will be credited back to your CREST account or your share certificate(s) for your Ordinary Shares will be returned to you in respect of those Ordinary Shares.

How many Ordinary Shares will there be after the Tender Offer?

We are unable to give an exact number at this stage as it will depend on the prices at which the Ordinary Shares are validly tendered. Assuming the Tender Offer is fully subscribed, the Tender Offer will result in the purchase and subsequent cancellation of between 4,301,075 Ordinary Shares (if the Strike Price is the Maximum Price) and 4,651,162 Ordinary Shares (if the Strike Price is the Minimum Price) which would lead to 10.68% and 11.55% fewer Ordinary Shares in issue, respectively. If the Tender Offer is not fully subscribed, then fewer Ordinary Shares may be purchased as a result of the Tender Offer.

What will I receive?

What you receive will depend on the action that you take. If you decide to participate and your Ordinary Shares are successfully tendered in the Tender Offer, you will sell your Ordinary Shares and will receive cash proceeds for them. If you decide to keep your Ordinary Shares, you will end up owning a greater percentage of the Ordinary Shares of the Company after the Tender Offer than you did before, as there will be fewer Ordinary Shares in issue after completion of the Tender Offer process than before.

What price will I receive for each Ordinary Share that I sell?

The tender price will be determined at either (i) the price in the Price Range necessary to repurchase the maximum number of Ordinary Shares at a total cost not exceeding £200 million (the “**Strike Price**”) or, if less, (ii) the price equal to the net asset value per Ordinary Share as shown in the Group’s 2016 Results, which are due to be announced on 9 December 2016 and will be published on the Company’s website at www.electraequity.com at the time of announcement. Qualifying Shareholders who successfully tender Ordinary Shares will receive the Strike Price for each Ordinary Share tendered.

What is a Strike Price Tender?

A Strike Price Tender is a tender which does not require a Qualifying Shareholder to specify a numerical price in the Price Range at which to tender their Ordinary Shares. Instead, Qualifying Shareholders let the process of the Tender Offer work out the price for them. All Ordinary Shares tendered as Strike Price Tenders which are successful in the Tender Offer will be purchased at the Strike Price, the same price as all other successfully tendered Ordinary Shares. However, in the event that the Strike Price is determined to be the Minimum Price and full acceptance of such tenders at the Minimum Price would exceed £200 million, such tenders in excess of the Guaranteed Entitlement will be scaled down *pro rata* to the number of Ordinary Shares tendered at that price, such that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £200 million. However, up to 250 Ordinary Shares which are validly tendered by a Qualifying Shareholder as a Strike Price Tender or at the Minimum Price will in any such event be accepted and purchased in full.

What does the Guaranteed Entitlement mean?

Up to approximately 10% of the Ordinary Shares held by Qualifying Shareholders on the Tender Offer Record Date will be purchased on the terms of the Tender Offer and subject to the Tender Conditions, provided that they are validly tendered as Strike Price Tenders or at the Minimum Price. This percentage is known as the “Guaranteed Entitlement”. The Guaranteed Entitlement is only relevant if the Strike Price is determined to be the Minimum Price. In addition, up to 250 Ordinary Shares which are validly tendered by a Qualifying Shareholder as a Strike Price Tender or at the Minimum Price will be accepted and purchased in full where this is greater than the Guaranteed Entitlement.

What are the risks associated with the Tender Offer?

There is no assurance that the Tender Offer will take place. If the Tender Offer does not take place, the Company will retain a larger cash balance and the return of cash to Shareholders will be delayed.

The Tender Offer will not proceed if any of the Tender Conditions is not satisfied or if the Tender Offer is terminated on the Company's instructions at any time prior to the announcement of the results of the Tender Offer.

If the Independent Shareholders do not pass the Rule 9 Waiver Resolution, the Tender Offer will not proceed, even if Shareholders pass the Tender Offer Resolution.

If the Company returns cash to Shareholders in connection with the Tender Offer, the Company's cash balances will be reduced. As a result, the funds so returned will no longer be available for application in the ordinary course of the Company's business or to meet contingencies.

The impact on the liquidity and the market price of the Ordinary Shares as a result of the implementation of the Tender Offer cannot be predicted.

As with all investment company shares, the market price of the Ordinary Shares may not reflect their underlying net asset value and the discount (or premium) to net asset value at which the Ordinary Shares trade may fluctuate from day to day, depending on factors such as supply and demand, market conditions and general sentiment.

Only those risks which are material and currently known to the Company are set out above. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems to be immaterial, may also have an adverse effect on the Company. The relevant risks are not set out in any order of priority.

Is there a meeting of Shareholders and do I need to attend?

As the Tender Offer will require the approval of Shareholders, a General Meeting has been convened for 9.00 a.m. on 2 December 2016 at the offices of etc.venues, 200 Aldersgate, St Paul's, London EC1A 4HD. Shareholders have a choice whether to attend the meeting. If you choose not to attend, we would encourage you to exercise your right to vote at the meeting by signing and returning the enclosed Form of Proxy.

What is the Rule 9 Waiver?

The Sherborne Parties are interested in 28.38% of the Issued Ordinary Share Capital. Their interest in the Company could increase to 32.08% if they do not participate in the Tender Offer and the Tender Offer is taken up in full by Shareholders at the Minimum Price. Consequently, the Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Tender Offer to occur without triggering an obligation on the part of the Sherborne Parties to make a general offer to all Shareholders ("**Waiver**").

The Waiver is conditional on the passing of the Rule 9 Waiver Resolution by the Independent Shareholders on a poll.

Additional information on the Sherborne Parties and the Waiver is set out in Part VI of this Circular.

Do I need to vote on the Tender Offer?

All Shareholders have the right to vote and we would encourage you to do so. Please sign and return the enclosed Form of Proxy so that it is received by the Registrar, Equiniti Limited, no later than 9.00 a.m. on 30 November 2016.

The Tender Offer cannot proceed unless the Resolutions are passed.

What do I need to do?

First, we would encourage you to sign and return the Form of Proxy to vote on the Tender Offer process so that it is received by the Receiving Agent, Equiniti Limited, no later than 9.00 a.m. on 30 November 2016.

Secondly, you need to decide if you want to tender all or any of your Ordinary Shares. If you decide to tender and hold your Ordinary Shares in Certificated form, you will need to return the

enclosed Tender Form, completed, signed and witnessed together with your Ordinary Share certificate to the Receiving Agent, Equiniti Limited by 6.00 p.m. on 21 December 2016.

Holders of Ordinary Shares in Uncertificated form (that is, in CREST) are directed to paragraph 3.3 in Part IV of this Circular which details specific procedures for those Shareholders.

When will I receive my cash?

Under the expected timetable of events it is expected that, for holders of Ordinary Shares in Certificated form, a cheque will be despatched to you for the proceeds of any sale by 30 December 2016. As an alternative, if you hold Ordinary Shares in Certificated form and your address on the Register is outside the United Kingdom (but not in a Restricted Jurisdiction), you may complete and return the Forex Form sent to you with this Circular, in which case Equiniti will receive your sterling Tender Offer proceeds on your behalf, convert these proceeds into the currency chosen by you on the Forex Form, and pay the converted funds to you in that currency by electronic transfer to your nominated bank account on 30 December 2016. (This service is provided by Equiniti alone; it and the Forex Form do not form part of the Tender Offer and none of the Counterparty Bank, the Company and HSBC is responsible for or accepts any liability in connection with this service.) CREST account holders will have their CREST accounts credited on 23 December 2016.

What is the UK tax treatment for Shareholders?

For information on certain UK taxation consequences of the Tender Offer please see Part V of this Circular.

If you are in any doubt about your tax position, or if you are subject to tax in a jurisdiction other than the United Kingdom, you should consult a professional adviser.

What happens if I have lost my share certificate and wish to participate in the Tender Offer?

If you have been sent a Tender Form, you should contact the Shareholder Helpline who will arrange for a letter of indemnity to be sent to you.

What happens if I hold my Ordinary Shares in a PEP or an ISA?

You should contact your plan manager. We expect that you will be written to separately by your plan manager about the implications of the Tender Offer on your PEP or ISA holding.

What happens if my Ordinary Shares are held by a nominee company?

You should contact your nominee company directly. As the registered holder, the nominee will receive documentation in relation to the Tender Offer and will be responsible for taking instructions in relation to the Tender Offer from underlying beneficial holders.

What if I am resident outside the UK?

Shareholders resident outside the UK, or who are nationals or citizens of jurisdictions other than the UK, should read the additional information set out in paragraph 8 of Part IV of this Circular.

For legal reasons we are unable to offer Shareholders who are resident in a Restricted Jurisdiction the ability to participate in the Tender Offer.

What if I have any more questions?

If you have read this Circular and still have questions, we have set up a Shareholder Helpline on 0333 207 6514 or +44 121 415 0993 (if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the proposals described in this Circular nor give financial, tax, investment or legal advice. For financial, investment or taxation advice, you will need to consult your own financial, investment or taxation adviser.

PART IV

DETAILS OF THE TENDER OFFER

1. Introduction

- 1.1 Qualifying Shareholders on the Register at 6.00 p.m. on 21 December 2016 (other than certain Overseas Shareholders – see paragraph 8 “Overseas Shareholders” below) are hereby invited to tender Ordinary Shares for purchase by the Counterparty Bank (acting as principal) on the terms and subject to the conditions set out in this Circular and in the case of Ordinary Shares in Certificated form in the accompanying Tender Form.
- 1.2 Shareholders who do not wish to participate in the Tender Offer need take no action in order to retain their Ordinary Shares. The rights of Shareholders who choose not to tender their Ordinary Shares will be unaffected. Such Shareholders are nevertheless encouraged to sign and return the Form of Proxy to vote on the Rule 9 Waiver Resolution and the Tender Offer Resolution at the General Meeting.
- 1.3 In accordance with the terms and conditions of the Tender Offer and Option Agreement:
 - (i) the Company has granted the Counterparty Bank a put option pursuant to which the Counterparty Bank may require the Company to purchase at an amount per Ordinary Share equal to the Strike Price, from the Counterparty Bank the Ordinary Shares purchased by the Counterparty Bank (acting as principal) pursuant to the Tender Offer; and
 - (ii) the Counterparty Bank has granted the Company a call option pursuant to which the Company may require the Counterparty Bank to sell to it, at an amount per Ordinary Share equal to the Strike Price, the Ordinary Shares purchased by the Counterparty Bank (acting as principal) pursuant to the Tender Offer.

The Company intends to cancel the Ordinary Shares purchased by the Company under the Tender Offer and Option Agreement in connection with the Tender Offer.

2. Terms and Conditions of the Tender Offer

- 2.1 The Tender Offer is conditional upon the following (together, the “**Tender Conditions**”):
 - (i) the passing of the Tender Offer Resolution and the Rule 9 Waiver Resolution, as set out in the Notice of the General Meeting at the end of this Circular;
 - (ii) the net asset value per Ordinary Share as shown by the Group’s 2016 Results not being less than the Minimum Price;
 - (iii) the Tender Offer not having been terminated as a result of the Company concluding that the Tender Offer is no longer in the best interests of the Company and/or the Shareholders as a whole prior to the announcement of the results of the Tender Offer; and
 - (iv) HSBC and Morgan Stanley being satisfied, acting in good faith, that, at all times up to immediately prior to the announcement of the results of the Tender Offer, the Company has complied with its obligations under the Tender Offer and Option Agreement and is not in breach of any of the representations and warranties given by it under the Tender Offer and Option Agreement.

The Counterparty Bank will not purchase the Ordinary Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. The Tender Conditions may not be waived by the Company, the Counterparty Bank or HSBC. If the Tender Conditions are not satisfied by 7.00 a.m. on 22 December 2016 (or such later time and date as the Company, the Counterparty Bank and HSBC may agree), the Tender Offer will lapse.

- 2.2 Ordinary Shares may be tendered under the Tender Offer in the following ways:

- (i) as a Strike Price Tender;
- (ii) as a tender at a single price being one of the prices in the Price Range; or
- (iii) as a tender at different prices in the Price Range (including Strike Price Tenders).

Tenders other than Strike Price Tenders must be expressed in whole pence per Ordinary Share at one of the available 25-pence increments within the Price Range.

- 2.3 The Tender Offer is only available to Qualifying Shareholders (outside the Restricted Jurisdictions) on the Register on the Tender Offer Record Date and in respect of the number of Ordinary Shares registered in their names on that date.
- 2.4 Tenders can be withdrawn and amended up to 6.00 p.m. on 21 December 2016.
- 2.5 The Tender Offer will close at 6.00 p.m. on the Closing Date and no tenders received after that time will be accepted unless otherwise approved by Morgan Stanley.
- 2.6 All or any part of a holding of Ordinary Shares may be tendered. Ordinary Shares successfully tendered will be sold to the Counterparty Bank (acting as principal) fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same.
- 2.7 Tenders in respect of Ordinary Shares held in Certificated form must be made on the accompanying Tender Form duly completed in accordance with the instructions set out below and in the Tender Form (which constitute part of the terms of the Tender Offer). Such tenders will only be valid when the procedures contained in this Circular and in the Tender Form are complied with.
- Tenders in respect of Ordinary Shares held in Uncertificated form in CREST must be made by the input and settlement of a TTE Instruction in CREST in accordance with the instructions set out in this Part IV and the relevant procedures in the CREST Manual, which together constitute part of the terms of the Tender Offer. Such tenders will only be valid when the procedures contained in this Circular and in the relevant parts of the CREST Manual are complied with.
- The Tender Offer and all tenders will be governed by and construed in accordance with English law. Delivery of a Tender Form or the input of a TTE Instruction in CREST, as applicable, will constitute submission to the jurisdiction of the English courts.
- 2.8 The results of the Tender Offer and, if applicable, the extent to which tenders will be scaled down, is expected to be announced on 22 December 2016.
- 2.9 All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST will be sent or made (as the case may be) at the risk of the person entitled thereto. If the Tender Offer does not become unconditional and lapses, in respect of Ordinary Shares held in Certificated form, Tender Forms, share certificates and other documents of title will be returned by post not later than ten Business Days after the date of such lapse or, in respect of Ordinary Shares held in Uncertificated form (that is, in CREST), the escrow agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow balances by TFE instruction to the original available balances to which those Ordinary Shares relate.
- 2.10 If only part of a holding of Ordinary Shares is successfully tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
- (i) for Ordinary Shares held in Certificated form – a certificate in respect of the unsold Ordinary Shares; or
 - (ii) for Ordinary Shares held in Uncertificated form (that is, in CREST) – the transfer by the escrow agent by TFE instruction to the original available balances of those unsold Ordinary Shares or the credit of the balance of the unsold Ordinary Shares by the escrow agent by an ARAN Message.
- 2.11 Further copies of the Tender Form may be obtained on request from the Shareholder Helpline, details of which can be found on page 13.
- 2.12 The lowest price at which tenders will be accepted is the Minimum Price. The highest price at which tenders will be accepted is the Maximum Price. Only tenders made at the Strike Price or at 25-pence increments within the Price Range (as indicated in the Tender Form (for Ordinary Shares held in Certificated form) and in paragraph 3.3 of this Part IV (for Ordinary Shares held in Uncertificated form) will be accepted.
- 2.13 The Strike Price will be the lowest price per Ordinary Share that will allow the Counterparty Bank to purchase the maximum number of Ordinary Shares having a total cost not exceeding £200 million or, if less, the net asset value per Ordinary Share shown by the Group's 2016 Results, which are due to be announced on 9 December 2016 and which will be published on the Company's website at www.electraequity.com at the time of announcement.

- 2.14 If the aggregate value at the Strike Price of all validly tendered Ordinary Shares is £200 million or less, then all Ordinary Shares validly tendered will be accepted and purchased at the Strike Price.
- 2.15 If the aggregate value at the Strike Price of all validly tendered Ordinary Shares exceeds £200 million and the Strike Price is above the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:
- (i) all Ordinary Shares validly tendered at a price below the Strike Price or as a Strike Price Tender will be accepted and purchased in full;
 - (ii) all Ordinary Shares validly tendered at the price in the Price Range which is determined to be the Strike Price will be scaled down *pro rata* to the number of Ordinary Shares tendered at that price so that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £200 million; and
 - (iii) all Ordinary Shares tendered at a price which exceeds the Strike Price will be rejected and will not be purchased by the Counterparty Bank.
- 2.16 If the aggregate value at the Strike Price of all validly tendered Ordinary Shares exceeds £200 million and the Strike Price is at the Minimum Price, tenders will be accepted (or, as the case may be, rejected) in the following order:
- (i) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price up to the Guaranteed Entitlement, for each relevant holding of Ordinary Shares, will be accepted and purchased in full or, if greater, up to 250 Ordinary Shares (or such lesser number as will ensure that the aggregate value at the Strike Price of all successfully tendered Ordinary Shares does not exceed £200 million);
 - (ii) all Ordinary Shares validly tendered as a Strike Price Tender or at the Minimum Price in excess of those referred to in paragraph 2.16(i) above will be scaled down *pro rata* to the total number of such Ordinary Shares tendered in those ways in excess of the Guaranteed Entitlement so that the total cost of Ordinary Shares purchased pursuant to the Tender Offer does not exceed £200 million; and
 - (iii) all Ordinary Shares tendered at a price higher than the Minimum Price will be rejected and will not be purchased by the Counterparty Bank.
- 2.17 The Guaranteed Entitlement arrangements are only relevant if the Strike Price is determined to be the Minimum Price. Tenders in respect of Ordinary Shares representing up to approximately 10% of the holding of Ordinary Shares of each Qualifying Shareholder on the Tender Offer Record Date will be accepted in full and will not be scaled down if the Strike Price is determined to be the Minimum Price, provided that such Ordinary Shares are validly tendered as Strike Price Tenders or at the Minimum Price. This percentage is known as the “Guaranteed Entitlement”. If the application of such percentage to any holding of Ordinary Shares produces a fraction of a share, then the Guaranteed Entitlement will be rounded down to the nearest whole number of Ordinary Shares (or to nil as the case may be). For the avoidance of doubt, if the Strike Price is above the Minimum Price all Ordinary Shares that are validly tendered as Strike Price Tenders or at the Minimum Price will be accepted in full. Shareholders may tender Ordinary Shares in excess of their Guaranteed Entitlement. However, in the event that the Strike Price is determined to be the Minimum Price, they will only successfully tender such excess Ordinary Shares to the extent that other Shareholders have tendered less than their Guaranteed Entitlement at the Minimum Price or as a Strike Price Tender or to the extent that the Guaranteed Entitlement is less than 250 Ordinary Shares (or relevant lesser number, as set out in paragraph 2.16(i) above).
- 2.18 Should any fractions arise from any scaling down, the number of Ordinary Shares accepted shall be rounded down to the nearest whole Ordinary Share.
- 2.19 All Ordinary Shares tendered at prices above the Strike Price will be rejected and will not be purchased by the Counterparty Bank. All Ordinary Shares successfully tendered will be purchased by the Counterparty Bank, as principal, at the Strike Price.
- 2.20 All questions as to the number of Ordinary Shares tendered, the price to be paid therefor and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Ordinary Shares will be determined by Morgan Stanley in their sole discretion, which determination shall be final and binding on all of the parties (except as otherwise

required under applicable law). Morgan Stanley reserve the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance or payment for which may, in the opinion of Morgan Stanley, be unlawful. Morgan Stanley also reserve the absolute right to waive any defect or irregularity in the tender of any particular Ordinary Shares or any particular holder thereof. No tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Tender Offer will not be despatched (in respect of Certificated Ordinary Shares) or made by way of a CREST payment (in respect of Uncertificated Ordinary Shares), until after (in the case of Certificated Ordinary Shares) the Tender Form is complete in all respects and the share certificates and/or other document(s) of title satisfactory to Morgan Stanley have been received or (in the case of Uncertificated Ordinary Shares), the relevant TTE Instruction has settled. None of the Company, HSBC, Morgan Stanley, the Registrar, or any other person is or will be obliged to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.

- 2.21 Ordinary Shares will be purchased pursuant to the Tender Offer free of commissions and dealing charges.
- 2.22 The failure of any person to receive a copy of this Tender Offer document or the Tender Form shall not invalidate any aspect of the Tender Offer.
- 2.23 The Directors reserve the right to require that Morgan Stanley do not proceed with the Tender Offer if they conclude, at any time prior to the announcement of the results of the Tender Offer, that its implementation is no longer in the interests of the Company and/or the Shareholders as a whole.

3. Procedure for tendering

3.1 Different procedures for Ordinary Shares in Certificated and Uncertificated form

If you hold Ordinary Shares in Certificated form, you may only tender such Ordinary Shares by completing and returning the Tender Form in accordance with the instructions set out in paragraph 3.2 below and the instructions printed thereon.

If you hold Ordinary Shares in Certificated form, but under different designations, you should complete a separate Tender Form in respect of each designation. Additional Tender Forms are available from the Registrar, Equiniti Limited, by telephone on 0333 207 6514 or +44 121 415 0993 (if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the proposals described in this Circular nor give financial, tax, investment or legal advice.

If you hold Ordinary Shares in Uncertificated form (that is, in CREST) you may only tender such Ordinary Shares by TTE Instruction in accordance with the procedure set out in paragraph 3.3 below and, if those Ordinary Shares are held under different member account IDs, you should send a separate TTE Instruction for each member account ID.

3.2 Ordinary Shares held in Certificated form (that is, not in CREST)

To tender your Ordinary Shares held in Certificated form you must complete, sign and have witnessed the Tender Form.

The completed, signed and witnessed Tender Form should be sent either by post in the accompanying prepaid envelope (for use in the UK only) along with the relevant share certificate or by hand during normal business hours to the Receiving Agent, Equiniti Limited **as soon as possible and, in any event, so as to be received not later than 6.00 p.m. on 21 December 2016**. No tenders received after that time will be accepted unless otherwise approved by Morgan Stanley (with the consent of the Company). No acknowledgement of receipt of documents will be given. Any Tender Form received in an envelope postmarked in a Restricted Jurisdiction or otherwise appearing to Morgan Stanley or their agents to have been sent from any of those jurisdictions may be rejected as an invalid tender. For further information on Overseas Shareholders, see paragraph 8 headed "Overseas Shareholders" below.

The completed and signed Tender Form should be accompanied, where possible, by the relevant share certificate(s) and/or other document(s) of title.

If some or all of your share certificate(s) and/or other document(s) of title are not readily available (for example, if they are with your stockbroker, bank or other agent) or are lost, the Tender Form should nevertheless be completed, signed and returned as described above **so as to be received by the Receiving Agent, Equiniti Limited, not later than 6.00 p.m. on 21 December 2016** together with any share certificate(s) and/or document(s) of title that you may have available.

If you have lost or misplaced some or all of your share certificate(s) and/or other document(s) of title, a letter of indemnity (which can take the place of missing share certificate(s) and/or document(s) of title) can be obtained by writing to the Registrar, Equiniti Limited, or contacting them on the Shareholder Helpline, details of which are set out at the end of Part III of this Circular. If a separate letter of indemnity is completed, this should be returned with the Tender Form as described above so as to be received by the Receiving Agent, Equiniti Limited, not later than 6.00 p.m. on 21 December 2016.

Where you have completed a separate letter of indemnity in respect of unavailable share certificates and you subsequently find or obtain the relevant share certificates, you should immediately send the certificate by hand or by post to the Receiving Agent, Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

3.3 Ordinary Shares held in Uncertificated form (that is, in CREST)

If your Ordinary Shares are in Uncertificated form, to tender such Ordinary Shares you should take (or procure the taking of) the action set out below to transfer (by means of a TTE Instruction) the number of Ordinary Shares which you wish to tender under the Tender Offer to the appropriate escrow account, specifying Equiniti Limited (in its capacity as a CREST Participant under the relevant Participant ID and member account ID(s) referred to below) as the escrow agent, **as soon as possible and in any event so that the TTE Instruction settles by no later than 6.00 p.m. on 21 December 2016**. Please note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and you should therefore ensure you time the input of any TTE Instructions accordingly.

The input and settlement of a TTE Instruction in accordance with this paragraph 3.3 will constitute an offer to sell the number of Ordinary Shares at the price indicated on the terms of the Tender Offer, by transferring such Ordinary Shares to the relevant escrow account as detailed in sub-paragraph 3.3(v) below (an “**Electronic Tender**”).

If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Your CREST Sponsor will be able to confirm details of your Participant ID and the member account ID under which your Ordinary Shares are held. In addition, only your CREST Sponsor will be able to send the TTE Instruction to Euroclear in relation to the Ordinary Shares which you wish to tender.

After settlement of a TTE Instruction, you will not be able to access in CREST for any transaction or charging purposes the Ordinary Shares the subject of such TTE Instruction, notwithstanding that they will be held by Equiniti Limited as your agent until completion or lapsing of the Tender Offer. If the Tender Offer becomes unconditional, Equiniti Limited will transfer the successfully tendered Ordinary Shares to itself as the agent of the Counterparty Bank, returning any Ordinary Shares not successful in the Tender Offer to you.

You are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedures outlined below.

You should note that Euroclear does not make available special procedures for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or your CREST Sponsor) to enable a TTE Instruction relating to your Ordinary Shares to settle prior to 6.00 p.m. on 21 December 2016. You are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

To tender Ordinary Shares in Uncertificated form you should send (or if you are a CREST Sponsored Member, procure your CREST Sponsor sends) to Euroclear a TTE Instruction in relation to such Ordinary Shares.

A TTE Instruction must be properly authenticated in accordance with Euroclear's specifications for transfers to escrow and must contain, in addition to the other information that is required for the TTE Instruction to settle in CREST, the following details:

- (i) the number of Ordinary Shares which you wish to tender and to be transferred to an escrow account;
- (ii) your Participant ID;
- (iii) your member account ID;
- (iv) the Participant ID of the escrow agent, Equiniti Limited, in its capacity as a CREST receiving agent, which is 6RA75;
- (v) the member account ID of the escrow agent, which, for the purposes of the Tender Offer, will be dependent on the price within the Price Range you wish to tender at, as set out in the following table:

Price	Member account ID
Strike Price Tender	EPTNDRSP
4,300 pence	ETDR 4300
4,325 pence	ETDR 4325
4,350 pence	ETDR 4350
4,375 pence	ETDR 4375
4,400 pence	ETDR 4400
4,425 pence	ETDR 4425
4,450 pence	ETDR 4450
4,475 pence	ETDR 4475
4,500 pence	ETDR 4500
4,525 pence	ETDR 4525
4,550 pence	ETDR 4550
4,575 pence	ETDR 4575
4,600 pence	ETDR 4600
4,625 pence	ETDR 4625
4,650 pence	ETDR 4650

- (vi) the ISIN, which is GB0003085445;
- (vii) the intended settlement date, which should be as soon as possible and, in any event, not later than 6.00 p.m. on 21 December 2016;
- (viii) input with standard delivery instruction of priority 80;
- (ix) the corporate action number for the relevant Price Range, which is allocated by Euroclear to the Tender Offer and can be found by viewing the corporate action details on-screen in CREST; and
- (x) the contact name and telephone number inserted in the shared note field.

The Company, HSBC and Morgan Stanley will make an appropriate announcement if any of the details contained in this paragraph relating to settlement in CREST are materially altered.

3.4 Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from Uncertificated form to Certificated form, or from Certificated to Uncertificated form, during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares or otherwise). Shareholders who are proposing to convert any such Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with

such person's participation in the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 6.00 p.m. on 21 December 2016.

3.5 Validity of tenders

(i) Tender Forms

Notwithstanding the powers in paragraph 2.20 of this Part IV, Morgan Stanley reserves the right to treat as valid only Tender Forms which are received entirely in order by 6.00 p.m. on the Closing Date and which are accompanied by the relevant share certificate(s) and/or other document(s) of title or a satisfactory indemnity in lieu thereof in respect of the entire number of Ordinary Shares tendered. The Tender Offer Record Date for the Tender Offer is at 6.00 p.m. on 21 December 2016.

An appropriate announcement will be made if any of the details contained in this paragraph 3.5(i) are altered.

(ii) Validity of Electronic Tenders

A Tender Form which is received in respect of Ordinary Shares held in Uncertificated form will not constitute a valid tender and will be disregarded. Shareholders holding Ordinary Shares in Uncertificated form who wish to tender such shares should note that a TTE Instruction will be a valid tender as at 21 December 2016 only if it has settled on or before 6.00 p.m. on that date.

An appropriate announcement will be made if any of the details contained in this paragraph 3.5(ii) are altered.

(iii) General

Notwithstanding the completion of a valid Tender Form or settlement of a TTE Instruction, as applicable, the Tender Offer may lapse in accordance with the Tender Conditions set out in this Part IV.

The decision of Morgan Stanley as to which Ordinary Shares have been validly tendered shall be conclusive and binding on all Qualifying Shareholders.

If you are in any doubt as to how to complete the Tender Form or as to the procedure for making an Electronic Tender please contact the Registrar, Equiniti Limited on the Shareholder Helpline. You are reminded that, if you are a CREST Sponsored Member, you should contact your CREST Sponsor before taking any action.

Qualifying Shareholders should note that, once tendered, Ordinary Shares may not be sold, transferred, charged or otherwise disposed of.

4. Withdrawal rights

4.1 Ordinary Shares held in Certificated form (that is, not in CREST)

Tenders in respect of Ordinary Shares in Certificated form may be revoked or amended at any time until 6.00 p.m. on 21 December 2016. Holders of Ordinary Shares in Certificated form who wish to revoke or amend their Tender should contact the Shareholder Helpline by calling 0333 207 6514 (from inside the UK) or +44 121 415 0993 (from outside the UK). The helpline is available from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls to the Shareholder Helpline from outside the UK will be charged at applicable rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Share certificate(s) for withdrawn Ordinary Shares will be returned to the relevant Qualifying Shareholders.

4.2 Ordinary Shares held in Uncertificated form (that is, in CREST)

(i) Withdrawal of tenders

In the case of Ordinary Shares held in Uncertificated form, withdrawals of Electronic Tenders are permitted up until 6.00 p.m. on 21 December 2016. A Qualifying Shareholder may withdraw his Electronic Tender through CREST by sending (or, if a CREST Sponsored Member, procuring that his CREST Sponsor sends) an ESA

instruction to settle in CREST in relation to each Electronic Tender to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:

- (1) the number of Ordinary Shares to be withdrawn, together with the ISIN, which is GB0003085445;
- (2) your member account ID;
- (3) your participant ID;
- (4) the member account ID of the escrow agent included in the relevant Electronic Tender, together with the escrow agent's participant ID;
- (5) the transaction reference number of the Electronic Tender to be withdrawn;
- (6) the intended settlement date for the withdrawal; and
- (7) the corporate action number for the relevant Tender Offer Price Range of the Electronic Tender to be withdrawn.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made. Accordingly, the Receiving Agent will on behalf of the Counterparty Bank reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) message or receiving agent accept (AEAN) message.

- (ii) Withdrawal and re-tender of the same number of Ordinary Shares into different escrow balance(s)

A Qualifying Shareholder (or if a CREST Sponsored Member, his CREST Sponsor) may, at the same time as withdrawing an Electronic Tender in accordance with the procedures described above and by the input and settlement of the same ESA instruction, re-tender the same number of Ordinary Shares the subject of that Electronic Tender into one or more different escrow balances provided that the escrow balances to be used for the re-tendered Ordinary Shares will be within the same corporate action number as used in the previous TTE Instruction.

In addition to the details to be included in the ESA instruction for the purposes of withdrawal of an Electronic Tender, the ESA instruction must also include the following details:

- (1) the number of Ordinary Shares in respect of which the Qualifying Shareholder wishes to re-tender and be transferred to a different escrow account;
- (2) the member account ID and participant ID of the escrow agent relevant to the new escrow balance(s) the Qualifying Shareholder wishes to transfer the Ordinary Shares to.

If a Qualifying Shareholder (or if a CREST Sponsored Member, his CREST Sponsor) wishes to re-tender a different number of Ordinary Shares to the number in his original Electronic Tender and/or re-tender Ordinary Shares into escrow accounts within a different corporate action number, he must withdraw the Electronic Tender in accordance with the procedure set out in paragraph 4.2(i) above and input a new TTE Instruction for the number of Ordinary Shares he wishes to re-tender in accordance with the procedures set out in paragraph 4.2(ii) above.

An appropriate announcement through a Regulatory Information Service will be made if any of the details contained in this paragraph 4.2 are altered.

4.3 Validity of notices of withdrawal

All questions as to the validity of notices of withdrawal (including time of receipt) or ESA instructions, as applicable, will be determined by Morgan Stanley in their discretion, which determination shall be final and binding (except as otherwise required under applicable law). None of the Company, HSBC, Morgan Stanley, the Receiving Agent, or any other person is or will be obliged to give notice of any defects or irregularities in any notice of withdrawal or ESA instructions, and of them will incur any liability for failure to give any such notice.

4.4 Tenders otherwise irrevocable

Except for the withdrawal rights described above, any tender made under the Tender Offer is irrevocable. After 6.00 p.m. on 21 December 2016, all tenders will be irrevocable.

5. Settlement

5.1 Ordinary Shares held in Certificated form (that is, not in CREST)

Where an accepted tender relates to Ordinary Shares held in Certificated form, cheques for the consideration due will be despatched by first class post to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in Box 1 of the Tender Form or, if none is set out, to the registered address of the tendering Shareholder or, in the case of joint holders, the address of the first named. All payments under the Tender Offer will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

If a Qualifying Shareholder whose address on the Register is outside the United Kingdom validly completes and returns a Forex Form, the Shareholder will not receive a consideration cheque. Instead, Equiniti will receive the consideration payable in respect of the relevant Ordinary Shares in sterling on the Shareholders' behalf, convert these proceeds into the currency indicated on the Forex Form, and pay the converted funds to the Shareholder in that currency by electronic transfer to the bank account indicated on the Forex Form (provided it is not in a Restricted Jurisdiction). However, this service is provided by Equiniti alone; it and the Forex Form do not form part of the Tender Offer or its terms and conditions. The Counterparty Bank's obligation to pay the consideration for Ordinary Shares in respect of which a Forex Form is accepted by Equiniti will be fully discharged by the payment of that consideration to Equiniti. None of the Counterparty Bank, the Company and HSBC will be required to investigate the validity of a Forex Form, the subsequent application of the consideration, its conversion into any other currency or its transmission to the relevant Shareholder, and none of them is responsible for or accepts any liability in connection with these matters or the use of Forex Forms.

5.2 Ordinary Shares held in Uncertificated form (that is, in CREST)

Where an accepted tender relates to Ordinary Shares held in Uncertificated form, the consideration due will be paid by means of CREST by Equiniti Limited (acting on behalf of Morgan Stanley) procuring that a CREST payment is made in favour of the tendering Shareholder's payment bank in accordance with the CREST payment arrangements.

6. Tender Forms

Each Qualifying Shareholder by whom, or on whose behalf, a Tender Form is executed (and not properly withdrawn) irrevocably undertakes, represents, warrants and agrees to and with HSBC and Morgan Stanley (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (i) the execution of the Tender Form will constitute an offer to sell to the Counterparty Bank (acting as principal) such number of Ordinary Shares as are inserted in Box 2A of the Tender Form or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this Circular and the Tender Form and that, once lodged, such tender shall be irrevocable (unless properly withdrawn);
- (ii) such Qualifying Shareholder has full power and authority to tender, sell, assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Counterparty Bank (acting as principal), the Counterparty Bank will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date;
- (iii) the execution of the Tender Form will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of Morgan Stanley as such Qualifying Shareholder's attorney and/or agent ("**attorney**"), and an irrevocable instruction to the attorney to complete and execute all or any instruments of transfer and/or other documents at the attorney's discretion in relation to the Ordinary

Shares referred to in paragraph (i) above in favour of Morgan Stanley or such other person or persons as Morgan Stanley may direct and to deliver such instrument(s) of transfer and/or other documents at the discretion of the attorney, together with the share certificate(s) and/or other document(s) relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Morgan Stanley or their nominee(s) or such other person(s) as Morgan Stanley may direct such Ordinary Shares;

- (iv) such Qualifying Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by HSBC, Morgan Stanley or any of their directors or officers or any person nominated by HSBC or Morgan Stanley in the proper exercise of its or his or her powers and/or authorities hereunder;
- (v) such Qualifying Shareholder holding Ordinary Shares in Certificated form will deliver to the Receiving Agent their share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares referred to in paragraph (i) above, or an indemnity acceptable to Morgan Stanley in lieu thereof, or will procure the delivery of such document(s) to such person as soon as possible thereafter and, in any event, no later than the Closing Date;
- (vi) the provisions of the Tender Form shall be deemed to be incorporated into the terms and conditions of the Tender Offer;
- (vii) such Qualifying Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by HSBC and/or Morgan Stanley to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (viii) such Qualifying Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to, and accepted by, him under the laws of the relevant jurisdiction, and such Qualifying Shareholder has not taken or omitted to take any action which would otherwise result in HSBC, Morgan Stanley or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase by the Counterparty Bank of the Ordinary Shares tendered by it under the Tender Offer and the associated repurchase;
- (ix) such Qualifying Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of a Restricted Jurisdiction; that the Tender Form has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction, and such Qualifying Shareholder is accepting the Tender Offer from outside a Restricted Jurisdiction;
- (x) the despatch of a cheque to a Qualifying Shareholder as referred to in the section headed "Settlement" above, will discharge fully any obligation of Morgan Stanley to pay such Qualifying Shareholder the consideration to which he is entitled under the Tender Offer;
- (xi) on execution the Tender Form takes effect as a deed; and
- (xii) the execution of the Tender Form constitutes such Qualifying Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form.

7. Electronic Tenders

Each Qualifying Shareholder by whom, or on whose behalf, an Electronic Tender is made (and not properly withdrawn) irrevocably undertakes, represents, warrants and agrees to and with HSBC and Morgan Stanley (so as to bind him, his personal representatives, heirs, successors and assigns) that:

- (i) the input of the TTE Instruction will constitute an offer to sell to the Counterparty Bank (acting as principal) such number of Ordinary Shares as are specified in the TTE Instruction or deemed to be tendered, in each case, on and subject to the terms and conditions set out or referred to in this Circular and that once the TTE Instruction has settled, such tender shall be irrevocable (unless properly withdrawn);
- (ii) such Qualifying Shareholder has full power and authority to tender, sell assign or transfer the Ordinary Shares in respect of which such offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Counterparty Bank (acting as principal), the Counterparty Bank will acquire such Ordinary Shares with full title guarantee and free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto, on or after the Closing Date including the right to receive all dividends and other distributions declared, paid or made after that date;
- (iii) the input of the TTE Instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of any director or officer of Morgan Stanley as such Qualifying Shareholder's agent ("**agent**"), and an irrevocable instruction to the agent to complete and execute all or any instruments of transfer and/or other documents or input any instructions into Euroclear at the agent's discretion in relation to the Ordinary Shares referred to in paragraph (i) above in favour of Morgan Stanley or such other person or persons as Morgan Stanley may direct and to deliver any documents or input any instructions into Euroclear relating to such Ordinary Shares, for registration within six months of the Tender Offer becoming unconditional and to do all such other acts and things as may in the opinion of such agent be necessary or expedient for the purpose of, or in connection with, the Tender Offer and to vest in Morgan Stanley or their nominee(s) or such other person(s) as Morgan Stanley may direct such Ordinary Shares;
- (iv) such Qualifying Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by HSBC, Morgan Stanley or any of its directors or any person nominated by HSBC or Morgan Stanley in the proper exercise of its or his or her powers and/or authorities hereunder;
- (v) such Qualifying Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by HSBC and/or Morgan Stanley to be desirable, in each case to complete the purchase of the Ordinary Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (vi) such Qualifying Shareholder, if an Overseas Shareholder, has fully observed any applicable legal requirements and that the invitation under the Tender Offer may be made to, and accepted by, him under the laws of the relevant jurisdiction, and such Qualifying Shareholder has not taken or omitted to take any action which would otherwise result in HSBC, Morgan Stanley or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase by the Counterparty Bank of the Ordinary Shares tendered by them under the Tender Offer and the associated repurchase;
- (vii) such Qualifying Shareholder has not received or sent copies or originals of this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of a Restricted Jurisdiction at the time of the input of and settlement of the relevant TTE Instruction(s); that the TTE Instruction has not been sent from a Restricted Jurisdiction, and such Qualifying Shareholder is accepting the Tender Offer from outside a Restricted Jurisdiction;
- (viii) the input of a CREST payment in favour of such Qualifying Shareholder's payment bank in accordance with the CREST payment arrangements as referred to in the section headed "Settlement" above will discharge fully any obligation of HSBC and Morgan Stanley to pay to such Qualifying Shareholder the consideration to which he is entitled under the Tender Offer;

- (ix) the input of the TTE Instruction constitutes such Qualifying Shareholder's submission to the jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer;
- (x) if, for any reason, any Ordinary Shares in respect of which a TTE Instruction has been made are, prior to the Closing Date, converted into Certificated form, the Electronic Tender in respect of such Ordinary Shares shall cease to be valid and the Qualifying Shareholder will need to comply with the procedures for tendering Ordinary Shares in Certificated form as set out in this Part IV in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer; and
- (xi) if the appointment of agent provision under sub-paragraph (iii) above shall be unenforceable or invalid or shall not operate so as to afford any director or officer of HSBC or Morgan Stanley the benefit or authority expressed to be given therein, the Qualifying Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable HSBC and Morgan Stanley to secure the full benefits of sub-paragraph (iii) above.

8. Overseas Shareholders

- 8.1 The making of the Tender Offer in, or to persons who are citizens or nationals of, or resident in, jurisdictions outside the United Kingdom or custodians, nominees or trustees for citizens, nationals or residents of jurisdictions outside the United Kingdom may be prohibited or affected by the laws of the relevant overseas jurisdiction. Shareholders who are Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such Shareholder wishing to tender Ordinary Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes or other requisite payments due in such jurisdiction. Any such Shareholder will be responsible for payment of any such transfer or other taxes or other requisite payments due by whomsoever payable and the Company, HSBC, Morgan Stanley and any person acting on their behalf shall be fully indemnified and held harmless by such Shareholder for any such transfer or other taxes or other requisite payments such person may be required to pay. **No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form in any territory outside the United Kingdom other than the United States.**
- 8.2 In particular, the Tender Offer is not being made directly or indirectly in or into or by use of the mails or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) or interstate or foreign commerce, or any facility of a national securities exchange of, a Restricted Jurisdiction and the Tender Offer cannot be accepted by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction.

Accordingly, copies of this Circular, Tender Forms and other related documents are not being and must not be mailed or otherwise distributed or sent in, into or from a Restricted Jurisdiction, including to Shareholders with registered addresses in a Restricted Jurisdiction or to persons who are custodians, nominees or trustees holding Shares for persons in Restricted Jurisdictions.

Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from a Restricted Jurisdiction or use such mails or any such means, instrumentality or facility in connection with the Tender Offer, and so doing will render invalid any related purported acceptance of the Tender Offer. Persons wishing to accept the Tender Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Tender Offer. Envelopes containing Tender Forms should not be postmarked in a Restricted Jurisdiction or otherwise dispatched from a Restricted Jurisdiction and all accepting Shareholders must provide addresses outside a Restricted Jurisdiction for the remittance of cash or return of Tender Forms and share certificates.

8.3 If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, the Tender Form or any related documents in, into or from a Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of a Restricted Jurisdiction in connection with such forwarding, such persons should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action will invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this section headed "Overseas Shareholders".

8.4 The provisions of this section headed "Overseas Shareholders" and any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Shareholders or on a general basis by HSBC and/or Morgan Stanley in their absolute discretion but only if HSBC and/or Morgan Stanley are satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law.

The provisions of this section headed "Overseas Shareholders" supersede any terms of the Tender Offer inconsistent herewith.

A reference in this section to a Shareholder includes a reference to the person or persons executing the Tender Form and, in the event of more than one person executing a Tender Form, the provisions of this paragraph will, in so far as they refer to any obligations of a Shareholder, apply to them jointly and severally.

Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

PART V

UNITED KINGDOM TAXATION IN RELATION TO THE TENDER OFFER

The following comments do not constitute tax advice and are intended only as a guide to current United Kingdom law and H.M. Revenue & Customs' published practice (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the United Kingdom tax treatment of Shareholders who are resident in the United Kingdom for United Kingdom tax purposes, who are, and will be, the beneficial owners of their Ordinary Shares and who hold, and will hold, their Ordinary Shares as investments (and not as assets to be realised in the course of a trade, profession or vocation). They may not relate to certain Shareholders, such as dealers in securities or Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Shareholders are advised to take independent advice in relation to the tax implications for them of selling Ordinary Shares pursuant to the Tender Offer.

1. Taxation of chargeable gains

The sale of Ordinary Shares by a Shareholder to the Counterparty Bank pursuant to the Tender Offer should be treated as a disposal of those shares for United Kingdom tax purposes. This may, subject to the Shareholder's individual circumstances and any available exemption or relief, give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom taxation of chargeable gains ("**CGT**").

The amount of CGT payable by a Shareholder who is an individual as a consequence of the sale of Ordinary Shares, if any, will depend on his or her own personal tax position. Broadly, a Shareholder whose total taxable gains and income in a given tax year, including any gains made on the sale of Ordinary Shares ("**Total Taxable Gains and Income**"), are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") (£32,000 for 2016/2017) will normally be subject to CGT at a rate of 10% in respect of any gain arising on the sale of his or her Ordinary Shares. A Shareholder whose Total Taxable Gains and Income are more than the Band Limit will normally be subject to CGT at a rate of 10% in respect of any gain arising on the sale of his or her Ordinary Shares (to the extent that, when added to the Shareholder's other taxable gains and income, the gain is less than or equal to the Band Limit) and at a rate of 20% in respect of the remainder of the gain arising on the sale of his or her Ordinary Shares. However, no tax will be payable on any gain arising on the sale of Ordinary Shares if the amount of the chargeable gain realised by a Shareholder in respect of the sale, when aggregated with other chargeable gains realised by that Shareholder in the year of assessment (and after taking into account aggregate losses), does not exceed the annual exemption (£11,100 for 2016/2017).

A corporate Shareholder is normally taxable on all of its chargeable gains, subject to any reliefs and exemptions. Corporate Shareholders should be entitled to indexation allowance up to the date which is treated for CGT purposes as the date of disposal.

2. Transactions in securities

Under the provisions of Part 15 of the Corporation Tax Act 2010 (for companies subject to corporation tax) and Chapter 1 of Part 13 of the Income Tax Act 2007 (for individuals and others subject to income tax), H.M. Revenue & Customs can in certain circumstances counteract tax advantages arising in relation to a transaction or transactions in securities. If these provisions were to be applied by H.M. Revenue & Customs to the Tender Offer, Shareholders might be liable to corporation tax or income tax (as the case may be) as if they had received an income amount rather than a capital amount.

These rules apply only in certain circumstances and do not apply where it can be shown that the transaction in question was entered into for genuine commercial reasons or in the ordinary course of making or managing investments and did not involve as one of its main objects the obtaining of a corporation or income tax advantage. No application has been made to H.M. Revenue & Customs for clearance in respect of the application of Part 15 of the Corporation Tax Act 2010 or Chapter 1 of Part 13 of the Income Tax Act 2007 to the Tender Offer. Shareholders are advised to take independent advice as to the potential application of the above provisions in light of their own particular motives and circumstances.

3. Stamp duty and stamp duty reserve tax ("SDRT")

The sale of Ordinary Shares pursuant to the Tender Offer will not give rise to any liability to stamp duty or SDRT for the selling Shareholder.

Stamp duty at a rate of 0.5% on the Ordinary Shares repurchased, rounded up to the nearest £5 if necessary, will be payable by the Company on its purchase of Ordinary Shares from the Counterparty Bank.

PART VI

ADDITIONAL INFORMATION

1. Registered office

Electra Private Equity PLC is a company registered in England and Wales (registered number 00303062) and its registered office is Paternoster House, 65 St. Paul's Churchyard, London EC4M 8AB.

2. The Company and its current status

The Company is a private equity investment trust which has been listed on the London Stock Exchange since 1976. On 25 January 2016, the Board announced the Review of the Company's investment strategy and structure with the objective of maximising long-term value for Shareholders. On 26 May 2016, the Board gave an interim update on the Review and announced that it had served notice of the termination of the MIG under which the business and affairs of the Company are managed on an exclusive and fully discretionary basis by Electra Partners. This termination takes effect from 1 June 2017 and pending termination, the rate of new investment by the Company will be constrained. On 14 October 2016 the Board announced the outcome of Phase I of the Review and its intention to undertake the proposed Tender Offer. The Company will now proceed to implement the outcome of the Review. As a result of ongoing restrictions under the MIG the Company is unable to review its portfolio fully until after the termination of the MIG takes effect on 1 June 2017.

3. Responsibility

The Directors accept responsibility for the information contained in this Circular (including any expressions of opinion), save that:

- (a) Edward Bramson and Ian Brindle, who have not participated in the Board's consideration of the Waiver, take no responsibility for the Board's recommendation in relation to the Rule 9 Waiver Resolution; and
- (b) Edward Bramson and Stephen Welker, in their capacities as members of the investment committee of Sherborne Investors Management GP, LLC, accept responsibility for the information relating to the Sherborne Parties contained in this Circular (including any expressions of opinion) and, to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

4. Rule 9 of the Takeover Code and the Sherborne Parties

Rule 9 of the Takeover Code

Rule 9 of the Takeover Code applies when (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which, taken together with shares in which he and persons acting in concert with him are interested, carry 30% or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30% of the voting rights of a company, but does not hold shares carrying more than 50% of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested. In either case, that person is normally required to make a general offer in cash for all the remaining equity share capital of the Company at the highest price paid by him, or any persons acting in concert with him, for shares in the Company within the 12 months prior to announcement of the offer.

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9 (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make a Rule 9 offer).

The Sherborne Parties may participate in the Tender Offer but their percentage holding of Ordinary Shares could (depending on the take-up of the Tender Offer) increase to 30% or more as a result of the Tender Offer and the subsequent repurchase of Ordinary Shares, and they would (if a Waiver were not granted) in that case be obliged to make a general offer to Shareholders for all the Ordinary Shares which they do not own.

On the basis that the Issued Ordinary Share Capital as at 7 November 2016 (being the latest practicable date prior to the publication of this Circular) is 40,270,531 Ordinary Shares, that a maximum of 4,651,162 Ordinary Shares are successfully tendered through the Tender Offer and that no Ordinary Shares are tendered by the Sherborne Parties, the Sherborne Parties' interest in Ordinary Shares would increase following implementation of the Tender Offer and the subsequent repurchase of Ordinary Shares to 32.08% of the voting share capital of the Company. Accordingly, the Company has applied to the Panel for a Waiver of Rule 9 of the Takeover Code in order to permit the Tender Offer to occur without triggering an obligation on the part of the Sherborne Parties to make a general offer to Shareholders of the kind described above.

Sherborne Parties

The Sherborne Parties are Edward Bramson, Stephen Welker, Sherborne Investors Management GP, LLC, Sherborne Investors Management LP, Sherborne Investors Management (Guernsey) LLC and Ian Brindle. The Ordinary Shares in which the Sherborne Parties (other than Ian Brindle) are interested are beneficially owned by SIGB, LP. The Company understands that the Panel Executive views Ian Brindle to be a Sherborne Party for the purposes of the Takeover Code and that the Sherborne Parties are viewed as acting in concert for the purposes of the Takeover Code. The Company, Sherborne Investors or Ian Brindle may ask the Panel Executive to reconsider their view in respect of Ian Brindle in the future.

Edward Bramson is a managing member and Stephen Welker is a member of Sherborne Investors Management GP, LLC. Edward Bramson and Stephen Welker are each members of an investment committee of Sherborne Investors Management GP, LLC which makes all decisions regarding the acquisition, holding, voting, or disposition of investment securities managed, directly or indirectly, by Sherborne Investors Management GP, LLC (including its predecessors, associates and subsidiaries, "**Sherborne Investors**").

Sherborne Investors was founded in 1986 and currently invests in publicly traded companies principally in the United States and United Kingdom. Sherborne Investors Management GP, LLC is the general partner of Sherborne Investors Management LP. Sherborne Investors Management LP is the sole member of Sherborne Investors Management (Guernsey) LLC.

Sherborne Investors Management (Guernsey) LLC is an investment manager which is entitled to exercise discretion over the voting rights in the Company held by Sherborne Investors (Guernsey) GP, LLC as the general partner of SIGB, LP.

Edward Bramson is a founding member of Sherborne Investors. Previously, he co-founded New York-based Hillside Capital in 1977, which was one of the first specialist private equity firms in the United States. Mr. Bramson has served as Chairman of Ampex Corporation, 4imprint Group plc, Elementis plc, Spirent Communications plc, Nautilus, Inc. and F&C Asset Management plc. Mr. Bramson was elected as a director of the Company on 5 November 2015 and is Chairman of Electra's Management Engagement Committee.

Stephen Welker is responsible for leading Sherborne Investors' research function, including identifying investments, establishing the turnaround thesis and participating in the management of the investment. He was previously an adviser to the board of directors of F&C Asset Management plc. Prior to joining Sherborne Investors, Mr. Welker worked at Morgan Stanley on both real estate investment banking and principal investment transactions.

Ian Brindle was elected as a non-executive director of the Company on 5 November 2015. He was previously the Senior Partner of Price Waterhouse from 1991 to 1998 and Chairman of PricewaterhouseCoopers until 2001. He was also a member of the Accounting Standards Board between 1992 and 2001 and Deputy Chairman of the Financial Reporting Review Panel between 2001 and 2008. Mr. Brindle has served as a non-executive director on the boards of a number of companies including Spirent Communications plc, Elementis plc, F&C Asset Management plc and 4imprint Group plc.

Intentions of the Sherborne Parties

The Company announced the results of Phase I of the Review and its planned actions on 14 October 2016. Save for any action which may be taken by the Company in furtherance of the Review, the Sherborne Parties have confirmed they have no intention to make further changes in respect of any of the following:

- (a) the future of the Group's businesses;
- (b) the location of the Group's places of business;
- (c) the continued employment of the Group's employees and management, including any material change in conditions of employment;
- (d) employer contributions into the Group's pension schemes, the accrual of benefits for existing members and the admission of new members;
- (e) the maintenance of any existing trading facilities for the relevant securities of the Company; and
- (f) the deployment of the fixed assets of the Group.

5. Interests and dealings

Directors

As at 7 November 2016 (being the latest practicable date prior to the publication of this Circular), the interests, rights to subscribe and short positions of the Directors, their immediate families and persons connected with them in the relevant securities, together with any options in respect of Ordinary Shares (all of which are beneficially held unless otherwise stated) required to be notified to the Company or which are required to be entered into the Register are set out below.

Director	Percentage of Issued Ordinary Share Capital	No. of Ordinary Shares
Edward Bramson*	28.37%	11,426,086
Neil Johnson	—	—
Roger Perkin	0.01%	2,074
David Lis	0.01%	4,700
Paul Goodson	—	—
Ian Brindle**	0.01%	697

* These are not beneficially held by Edward Bramson; they are Ordinary Shares in which the Sherborne Parties (other than Ian Brindle) are collectively interested, as described in the section headed "Sherborne Parties" in paragraph 4 of this Part VI and in the section below headed "Sherborne Parties".

** This includes the Ordinary Shares held by Mrs. Frances Brindle.

Sherborne Parties

As at the close of business on 7 November 2016 (being the latest practicable date prior to the publication of this Circular), the Sherborne Parties were interested in 11,426,783 Ordinary Shares (representing approximately 28.38% of the Issued Ordinary Share Capital). The maximum potential holding of the Sherborne Parties following the Tender Offer (assuming that the total Issued Ordinary Share Capital is 40,270,531, that the maximum number of Ordinary Shares are repurchased (being 4,651,162 Ordinary Shares) and that no Ordinary Shares of any of the Sherborne Parties are repurchased) is 11,426,783 Ordinary Shares (representing

32.08% of the reduced issued share capital). Save as disclosed, neither any of the Sherborne Parties nor any other person acting in concert with the Sherborne Parties has any interests, rights to subscribe or short positions in the Ordinary Shares.

The Sherborne Parties made the following dealings in relevant securities during the period beginning 12 months preceding the date of this Circular and ending on 7 November 2016 (being the latest practicable date prior to the publication of this Circular).

Sherborne Parties – Dealings in convertible bonds

The following are dealings by the Sherborne Parties (other than Ian Brindle) in the 5% subordinated convertible bonds due 2017 with a principal amount of £1,000 each issued by the Company. At all relevant times, the conversion price of the bonds was 2,025 pence. All the outstanding bonds were mandatorily converted by the Company into Ordinary Shares at that price on 29 December 2015. All of the dealings listed below relate to acquisitions of convertible bonds save for the dealing on 29 December 2015 which was the mandatory conversion of the number of convertible bonds stated.

Date	Number of Convertible Bonds	Price per convertible bond (pounds)
9 November 2015	100	1,799
11 November 2015	336	1,790
17 November 2015	50	1,795
18 November 2015	76	1,800
18 November 2015	75	1,797
24 November 2015	317	1,809
25 November 2015	100	1,809
30 November 2015	425	1,819
3 December 2015	102	1,819
4 December 2015	125	1,819
9 December 2015	130	1,819
10 December 2015	30	1,819
18 December 2015	11	1,829
23 December 2015	228	1,838
29 December 2015*	(10,267)	N/A

* This dealing relates to the mandatory conversion of convertible bonds.

Sherborne Parties – Dealings in Ordinary Shares

All of the dealings listed below relate to acquisitions by the Sherborne Parties (other than Ian Brindle) of the stated number Ordinary Shares save for the dealing on 29 December 2015 which relates to the Ordinary Shares acquired pursuant to the mandatory conversion of convertible bonds.

Date	Number of Ordinary Shares	Price per Ordinary Share (pence)
9 November 2015	8,502	3,600
10 November 2015	105	3,606
11 November 2015	1,750	3,617
16 November 2015	1,000	3,626
17 November 2015	1,500	3,595
18 November 2015	1,642	3,585
23 November 2015	250	3,585
24 November 2015	3,234	3,592
26 November 2015	2,750	3,595
27 November 2015	661	3,605
30 November 2015	2,991	3,619
3 December 2015	250	3,625
4 December 2015	250	3,610
8 December 2015	500	3,595
9 December 2015	1,026	3,610
10 December 2015	250	3,618
16 December 2015	100	3,666
22 December 2015	1,000	3,670
23 December 2015	1,250	3,682
24 December 2015	50	3,704
29 December 2015	3,000	3,701
29 December 2015*	507,012	N/A
30 December 2015	7,000	3,728
31 December 2015	9,000	3,757
4 January 2016	1,000	3,710
5 January 2016	500	3,711
25 January 2016	1,750	3,419
26 January 2016	1,500	3,429
28 January 2016	1,609	3,425
29 January 2016	1,100	3,495
2 February 2016	500	3,464
3 February 2016	1,250	3,413
4 February 2016	300	3,428
9 February 2016	250	3,386
25 February 2016	1,500	3,313
26 February 2016	1,200	3,323
29 February 2016	1,800	3,313
1 March 2016	500	3,340
10 March 2016	250	3,430
15 March 2016	350	3,464
29 March 2016	202	3,453
30 March 2016	369	3,477
31 March 2016	1,831	3,464
26 May 2016	42,719	3,794
31 May 2016	4,485	3,800
1 June 2016	120	3,814
14 July 2016	300	3,712
15 July 2016	388	3,696
25 July 2016	300	3,828

* This dealing relates to the mandatory conversion of convertible bonds.

Date	Number of Ordinary Shares	Price per Ordinary Share (pence)
2 August 2016	298	3,813
2 August 2016	399	3,819

Others

As at the close of business on 4 November 2016, neither HSBC, Morgan Stanley nor any other connected adviser of the Company (including any person controlling, controlled by or under the same control as them, except in the capacity of an exempt fund manager or exempt principal trader) had any interests, rights to subscribe or short positions in relevant securities.

6. Major shareholders

In so far as is known to the Company as at 7 November 2016 (being the latest practicable date prior to the publication of this Circular), the following persons have an interest in either the Ordinary Shares which has been notified under the Disclosure Guidance and Transparency Rules or an interest in 3% or more of the Issued Ordinary Share Capital which has been included in the Company's register of interests maintained under section 808 of the Companies Act 2006.

Name	Percentage of Issued Ordinary Share Capital	Number of Ordinary Shares
Sherborne Investors Management (Guernsey) LLC, Sherborne Investors Management LP, Sherborne Investors Management GP, LLC and Edward Bramson*	28.37%	11,426,086
Prudential plc, M&G Group Limited, M&G Limited, M&G Investment Management Limited, The Prudential Assurance Company Limited	8.45%	3,403,857
Invesco Limited	5.61%	2,257,920
FIL Investment International	4.23%	1,701,922
Investec Wealth & Investment Limited	3.42%	1,377,342
Aviva Investors	3.21%	1,293,993
Insight Investment Management	3.16%	1,273,139

* This excludes Ian Brindle's separate interest which is shown in paragraph 5 of this Part VI.

7. Directors' letters of appointment

Under their letters of appointment, the Directors are entitled to a basic fee (reviewed periodically).

Under their letters of appointment, all Directors are required to stand for re-election each year at the Company's annual general meeting. All the Directors of the Company are required to give one month's notice to terminate their appointments. The appointment letters do not contain provisions for the Directors to receive compensation on early termination.

The Directors' current letters of appointment will be available for inspection as set out in paragraph 17 below and are summarised below. There are no service contracts between the Directors and the Company or any of its subsidiaries and, save as disclosed herein, no service contracts have been entered into or amended during the period of six months prior to the date of this Circular.

8. Material contracts

No contracts other than the Tender Offer and Option Agreement have been entered into by the Company or any of its subsidiaries, other than in the ordinary course of business, within the period of two years prior to the publication of this Circular which are or may be material.

9. Tender Offer and Option Agreement

On 8 November 2016, the Company entered into the Tender Offer and Option Agreement with the Counterparty Bank. Pursuant to the terms of the Tender Offer and Option Agreement, and conditional on the Tender Offer becoming unconditional in all respects and not lapsing or terminating in accordance with its terms and on the Counterparty Bank being registered as the holders of the Ordinary Shares purchased by the Counterparty Bank (acting as principal) pursuant to the Tender Offer, the Company has granted a put option to the Counterparty Bank which, on exercise, would oblige the Company to purchase from the Counterparty Bank, at the Strike Price, the Ordinary Shares purchased by the Counterparty Bank pursuant to the Tender Offer. Also under the Tender Offer and Option Agreement, the Counterparty Bank has granted the Company a call option which, on exercise, would oblige the Counterparty Bank to sell to the Company, at the Strike Price, the Ordinary Shares purchased by the Counterparty Bank (acting as principal) pursuant to the Tender Offer.

10. Relationships, arrangements or understandings between the Sherborne Parties and HSBC or Morgan Stanley

The Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the Tender Offer between any of the Sherborne Parties and either HSBC or Morgan Stanley (or any person who is, or is presumed to be, acting in concert with HSBC or Morgan Stanley).

11. Arrangements in connection with the Tender Offer

None of the Sherborne Parties has entered into any agreement, arrangement or understanding with any of the Directors which has any connection with, or dependence upon the Tender Offer. In addition, the Directors are not aware of any agreement, arrangement or understanding having any connection with or dependence upon the Tender Offer between any of the Sherborne Parties and any person interested or recently interested in Ordinary Shares, or any recent director of the Company.

12. No significant change

There has been no significant change in the financial or trading position of the Group since 31 March 2016, being the date to which the Company's last unaudited consolidated interim financial statements were prepared, as set out in the Company's Half-Year Report for the six month period ended 31 March 2016 (available on the Company's website at www.electraequity.com).

13. Middle market quotations

The middle market quotations for the Ordinary Shares as derived from the Daily Official List, for the first Business Day of each of the six months immediately preceding the date of this Circular and on 7 November 2016 (being both the latest practicable and available date prior to the date of this Circular) were:

Date	Price per Ordinary Share (pence)
1 June 2016	3,830
1 July 2016	3,680
1 August 2016	3,790
1 September 2016	3,935
3 October 2016	4,315
1 November 2016	4,305
7 November 2016	4,418

14. Announcement of results of the Tender Offer

The Company will announce the results of the Tender Offer through a Regulatory Information Service as soon as possible and, in any event, by no later than the Business Day following the date on which the Tender Offer is completed.

15. Consent

Morgan Stanley has given and has not withdrawn its written consent to the inclusion of its name and references to it in the form and context in which it is included in this Circular.

HSBC has given and has not withdrawn its written consent to the inclusion of its name and references to it in the form and context in which it is included in this Circular.

16. General

As of close of business on 7 November 2016 (being the latest practicable date prior to the date of this Circular), and save as disclosed in this Part VI:

- (a) none of the Sherborne Parties has any interest in, right to subscribe in respect of or short position in relation to any relevant securities;
- (b) none of the Sherborne Parties has dealt in relevant securities during the period of 12 months ended on 7 November 2016 (being the latest practicable date prior to the publication of this Circular);
- (c) there are no relevant securities which any of the Sherborne Parties has borrowed or lent (excluding any borrowed relevant securities which have either been on-lent or sold);
- (d) none of:
 - (i) the Directors or any of their close relatives or related trusts;
 - (ii) any connected adviser (except in the capacity of an exempt fund manager or an exempt principal trader); or
 - (iii) any other person acting in concert with the Companyhas as at 7 November 2016 (being the latest practicable date prior to the publication of this Circular) any interest in, right to subscribe in respect of or short position in relation to any relevant securities; and
- (e) there are no relevant securities which any person acting in concert with the Company has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold).

In this Part VI reference to:

- (a) “acting in concert” has the meaning given to it in the Takeover Code;
- (b) “relevant securities” means Ordinary Shares and securities carrying conversion or subscription rights into Ordinary Shares;

- (c) “derivatives” includes any financial product, whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security;
- (d) “short position” means a short position, whether conditional or absolute and whether in the money or otherwise, and includes any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery;
- (e) “associated company” means in relation to any company, that company’s parent subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies;
- (f) for these purposes, ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status;
- (g) “connected adviser” means:
 - (i) in relation to the Company, (a) an organisation which is advising the Company in relation to the Rule 9 Waiver Resolution; or (b) a corporate broker to the Company;
 - (ii) in relation to any of the Sherborne Parties, an organisation (if any) which is advising that person either (a) in relation to the Rule 9 Waiver Resolution; or (b) in relation to the matter which is the reason for that person being a Sherborne Party; and
 - (iii) in relation to a person who is an associated company of the Company, an organisation (if any) which is advising that person in relation to the Rule 9 Waiver Resolution;
- (h) “control” means an interest, or aggregate interests, in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control; and
- (i) “dealing” or “dealt” includes the following:
 - (i) the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
 - (ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
 - (iii) subscribing or agreeing to subscribe for securities;
 - (iv) the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
 - (v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
 - (vi) the entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he or she has a short position.

For the purposes of this Part VI a person is treated as “interested” in securities if he or she has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:

- (a) he or she owns them;
- (b) he or she has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative, he or she:
 - (i) has the right or option to acquire them or call for their delivery; or

- (ii) is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (d) he or she is party to any derivative:
 - (i) whose value is determined by reference to their price; and
 - (ii) which results in, or may result in, having a long position in them.

There is no agreement or arrangement or understanding by which the beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the repurchase will be transferred to any other person. It is the Company's intention that such shares will be cancelled and the Issued Ordinary Share Capital of the Company reduced by the nominal amount of those Ordinary Shares so purchased.

Save for the interest of Edward Bramson as a managing member of Sherborne Investors Management GP, LLC as disclosed in the section headed 'Sherborne Parties' of paragraph 4 of this Part VI, neither the Company nor any of the Directors have any interests in the Sherborne Parties of the kind described at Rule 25.4 of the Takeover Code.

17. Documents available for inspection

Copies of the following documents will be available on the Company's website www.electraequity.com, from the date of this Circular until the Closing Date:

- (a) the memorandum and articles of association of the Company
- (b) the Company's announcements dated 25 January 2016, 14 October 2016 and the date of this Circular;
- (c) the consent letters referred to in paragraph 15 of this Part VI above;
- (d) the Tender Offer and Option Agreement; and
- (e) a copy of this Circular, the Tender Form, the Form of Proxy and the Forex Form.

18. Incorporation by reference

The annual report and accounts of the Company for each of the two financial years ended 30 September 2015 and 30 September 2014, the unaudited half-year report of the Company for the six months ended 31 March 2016 and the quarterly update report of the Company as at 31 December 2015 are incorporated by reference into this Circular and are available for inspection and on the Company's website as set out in paragraph 17 of this Part VI above.

Any Shareholder, person with information rights or other person to whom this Circular is sent may request a copy of each of the documents set out above, or a copy of this Circular, in hard copy form. Hard copies will be sent only where valid requests are received from such persons. Requests for hard copies are to be submitted to the Company Secretary, either by post to Frostrow Capital LLP, 25 Southampton Buildings, London WC2A 1AL, or by calling the Registrar, Equiniti Limited, on the Shareholder Helpline on 0333 207 6514 or +44 121 415 0993 (if calling from outside the UK). Lines are open from between 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes. Please note that Equiniti Limited cannot provide advice on the merits of the proposals described in this Circular nor give financial, tax, investment or legal advice.

19. No incorporation of website information

Save as expressly stated in this Circular, no content of any website (whether or not of the Company or the Sherborne Parties) is incorporated by reference into, or forms part of, this Circular.

PART VII

NOTICE OF GENERAL MEETING

Electra Private Equity PLC (the “Company”)

(Incorporated in England and Wales with registered number 00303062)

NOTICE is hereby given that a General Meeting of the Company will be held at 9.00 a.m. on 2 December 2016 at the offices of etc.venues 200 Aldersgate, St Paul’s, London EC1A 4HD to consider and, if thought fit, pass the following resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolution 2 will be proposed as special resolution. Resolution 1 may be voted on only by the Independent Shareholders and by way of a poll.

Capitalised terms not otherwise defined within this notice shall have the meanings given to them in the circular dated 8 November 2016 of which this notice forms part (the “**Circular**”).

1. THAT approval is granted for the waiver by the Panel of any obligation which might otherwise arise, pursuant to Rule 9 of the City Code on Takeovers and Mergers, for the Sherborne Parties (or any of them) to make a general offer to all Shareholders following any increase in the percentage of shares in the Company carrying voting rights in which the Sherborne Parties (or any of them) are interested as a result of the Tender Offer and the subsequent repurchase of ordinary shares of £0.25 each in the capital of the Company as described in the Circular (“**Ordinary Shares**”).
2. THAT subject to, and conditional upon, the waiver by the Panel referred to in Resolution 1 becoming effective, the Company be and is hereby generally authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares, in connection with the Tender Offer, provided that:
 - (i) the maximum number of Ordinary Shares that may be purchased under this authority is 4,651,162 Ordinary Shares;
 - (ii) the minimum price that may be paid for any Ordinary Share shall be 4,300 pence;
 - (iii) the maximum price that may be paid for any Ordinary Share shall be 4,650 pence; and
 - (iv) this authority will expire at the close of business on 2 June 2017.

BY ORDER OF THE BOARD

Frostrow Capital LLP
Company Secretary

8 November 2016

Registered in England and Wales No. 00303062
Registered Office:
Paternoster House
65 St. Paul’s Churchyard
London
EC4M 8AB

Notes

1. Members of the Company who are entitled to attend and vote at the General Meeting are entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and vote at the General Meeting. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A member may vote at the General Meeting subject to being on the Register of Members as at 6.30 p.m. on 30 November 2016.
3. A Form of Proxy is enclosed. To be effective, the Form of Proxy and any power of attorney under which it is executed (or a duly certified copy of any such power) must reach the Registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not less than 48 hours, excluding non-working days, before the time of the General Meeting (i.e. 9.00 a.m. on 30 November 2016) or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the General Meeting or adjourned General Meeting) for the taking of the poll at which it is to be used. Completion and return of the Form of Proxy will not prevent a member from attending and voting at the General Meeting. Replacement Forms of Proxy may be obtained from the Registrar.
4. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those holders of ordinary shares entered on the Register of Members of the Company as at 6.30 p.m. on 30 November 2016 (the “**Specified Time**”) shall be entitled to attend and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the Register of Members after the Specified Time shall be disregarded in determining the rights of any person to attend and vote at the General Meeting. If the General Meeting is adjourned to a time not more than 48 hours after the Specified Time applicable to the original General Meeting, that time will also apply for the purposes of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes they may cast) at the adjourned General Meeting. If, however, the General Meeting is adjourned for a longer period, then to be so entitled, members must be entered on the Register of Members at 6.30 p.m. on the date two days prior to the adjourned General Meeting.
5. CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on 2 December 2016 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with CREST specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID RA19) by the latest time for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST Members and, where applicable, their CREST Sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Member or a CREST Sponsored Member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service providers are referred, in particular, to

those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com). The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

6. The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("**nominated persons**"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
7. Shareholders are entitled to attend and vote at general meetings of the Company. On a vote by show of hands, every member and every duly appointed proxy who is present in person shall have one vote. On a poll vote, every member who is present in person or by proxy shall have one vote for every share of which he is the holder.
8. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. A member that is a company may appoint either a proxy or a corporate representative. Members wishing to appoint a corporate representative should examine the Company's articles of association and the provisions of the Companies Act 2006.
9. Under Regulation 12, Section 319A of the Shareholder Rights Directive, the Company must answer any question relating to the business being dealt with at the General Meeting put by a member at the General Meeting. However, the Company need not answer if a) to do so would interfere unduly with the preparation for the General Meeting; b) to answer would involve the disclosure of confidential information; c) the answer has already been given on a website in the form of an answer to a question; d) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
10. The total number of issued ordinary shares/voting rights in the Company on 7 November 2016, which is the latest practicable date before the publication of this Circular, is 40,270,531.
11. You may not use any electronic address provided either in this Notice of General Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
12. A copy of this Notice of General Meeting is published on the Company's website: www.electraequity.com.

PART VIII

DEFINITIONS

The following definitions apply throughout this Circular, unless stated otherwise:

ARAN Message	a registrar's adjustment message (as defined in the CREST manual)
Board	the board comprising the Directors
Business Day	any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business
Certificated form or Certificated	Ordinary Shares not recorded on the Register as being in Uncertificated form
Circular	this document
Closing Date	21 December 2016
Companies Act 2006	the Companies Act 2006, as amended from time to time
Company	Electra Private Equity PLC, a company incorporated in England and Wales with registered number 00303062, whose registered office is at Paternoster House, 65 St. Paul's Churchyard, London EC4M 8AB
Counterparty Bank	Morgan Stanley
CREST	the system of paperless settlement of trades in securities and the holding of Uncertificated securities operated by Euroclear in accordance with the CREST Regulations
CREST Manual	the Manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof
CREST Member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations)
CREST Participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time
CREST Sponsor	a CREST Participant admitted to CREST as a CREST Sponsor
CREST Sponsored Member	a CREST Member admitted to CREST as a Sponsored Member
Daily Official List	the Daily Official List of the London Stock Exchange
Directors	the directors of the Company, whose names are set out on page 7 of this Circular
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules of the UK Listing Authority
Electra Partners	Electra Partners LLP
Electronic Tender	the inputting and settlement of a TTE Instruction in accordance with the procedures set out in Part IV of this Circular which constitutes or is deemed to constitute a tender of Ordinary Shares pursuant to and on the terms of the Tender Offer as set out in this Circular
Equiniti Limited	Equiniti Limited, a company incorporated in England and Wales with registered number 06226088, whose registered office is at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
ESA Instruction	an escrow account adjustment input ("AESN") transaction type "ESA" (as defined by the CREST Manual)

Euroclear	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registered number 02878738, whose registered office is at 33 Cannon Street, London EC4M 5SB, the operator of CREST
FCA	the Financial Conduct Authority
Forex Form	has the meaning given on page 15
Form of Proxy	the form of proxy accompanying this Circular to be used in connection with the General Meeting
FS Act	the Financial Services Act 2012
FSMA	the Financial Services and Markets Act 2000
General Meeting	the general meeting of the Company to be held at the offices of etc.venues 200 Aldersgate, St Paul's, London EC1A 2FG at 9.00 a.m. on 2 December 2016, or any adjournment thereof, notice of which is set out in Part VII of this Circular
Group	the Company together with its subsidiaries and subsidiary undertakings
Group's 2016 Results	the Group's audited results for its financial year ended 30 September 2016 (which are due to be announced on 9 December 2016 and will be published on the Company's website at www.electraequity.com at the time of announcement)
Guaranteed Entitlement	has the meaning given on page 10
HSBC	HSBC Bank plc
Independent Directors	all of the members of the Board other than Edward Bramson and Ian Brindle
Independent Shareholders	all Shareholders other than the Sherborne Parties
Issued Ordinary Share Capital	the issued Ordinary Shares in the capital of the Company
Listing Rules	the Listing Rules of the UK Listing Authority
London Stock Exchange	the London Stock Exchange plc
Maximum Price	4,650 pence per Ordinary Share (which represents the maximum price in the Price Range)
member account ID	the identification code or number attached to any member account in CREST
MIG	the Company's Management and Investment Guideline Agreement with Electra Partners
Minimum Price	4,300 pence per Ordinary Share (which represents the minimum price in the Price Range)
Morgan Stanley	Morgan Stanley & Co. International plc
Notice of General Meeting	the notice of the General Meeting which appears in Part VII of this Circular
Ordinary Shares	the ordinary shares of £0.25 each in the capital of the Company
Overseas Shareholders	a Shareholder who is a resident in, or a citizen of, a jurisdiction outside the United Kingdom
Panel	the Panel on Takeovers and Mergers
Panel Executive	the Executive of the Panel
Participant ID	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant
Phase I	the first phase of the Review

Price Range	the range of prices at which Ordinary Shares may be tendered pursuant to the terms of the Tender Offer, being from 4,300 pence to 4,650 pence per Ordinary Share inclusive, in available 25-pence increments only
Prospectus Rules	the Prospectus Rules of the UK Listing Authority
Qualifying Shareholders	Shareholders entitled to participate in the Tender Offer, being those who are on the Register on the Tender Offer Record Date and who do not have a registered address in a Restricted Jurisdiction
Receiving Agent	Equiniti Limited
Register or Register of Members	the Company's register of members
Registrar	Equiniti Limited
Regulatory Information Service	any of the services set out in appendix 3 of the Listing Rules
Resolutions	the Rule 9 Waiver Resolution and the Tender Offer Resolution
Restricted Jurisdiction	each of Australia, Canada, Japan, New Zealand and South Africa and any other jurisdiction where the mailing of this Circular or the accompanying documents into or inside such jurisdiction would constitute a violation of the laws of such jurisdiction
Review	the Company's strategic review announced on 25 January 2016
Rule 9 Waiver Resolution	resolution No. 1 in the Notice of General Meeting
SEC	the United States Securities and Exchange Commission
Shareholder Helpline	the helpline available to Shareholders in connection with the Tender Offer
Shareholders	the holders of the Ordinary Shares
Sherborne Investors	Sherborne Investors Management GP, LLC (including its predecessors, associates and subsidiaries)
Sherborne Parties	Edward Bramson, Stephen Welker, Sherborne Investors Management GP, LLC, Sherborne Investors Management LP, Sherborne Investors Management (Guernsey) LLC and Ian Brindle
Strike Price	has the meaning given on page 8
Strike Price Tender	has the meaning given on page 9
Takeover Code	the City Code on Takeovers and Mergers
Tender Conditions	has the meaning given on page 20
Tender Form	the form enclosed with this Circular for use by Qualifying Shareholders who hold Ordinary Shares in Certificated form in connection with the Tender Offer
Tender Offer	the invitation by the Counterparty Bank (acting as principal) to Qualifying Shareholders to tender Ordinary Shares to the Counterparty Bank on the terms and conditions set out in this Circular and also, in the case of Certificated Ordinary Shares only, the Tender Form
Tender Offer and Option Agreement	the tender offer and option agreement between the Counterparty Bank, HSBC and the Company dated 8 November 2016, as described in paragraph 9 of Part VI of this Circular
Tender Offer Record Date	6.00 p.m. on 21 December 2016
Tender Offer Resolution	resolution No. 2 in the Notice of General Meeting
TFE Instruction	a transfer from escrow instruction (as defined by the CREST Manual)
TTE Instruction	a transfer to escrow instruction (as defined by the CREST Manual)

UK Listing Authority	the FCA acting in its capacity as the competent authority for the purposes of Part 6 of the FSMA
Uncertificated form or Uncertificated	recorded on the register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any State of the United States and the District of Columbia
US Exchange Act	the United States Securities Exchange Act of 1934, as amended from time to time
US Shareholders	Shareholders who are located in or are citizens of the United States
Waiver	has the meaning given on page 18

Times

All references to times in this Circular and Notice of General Meeting are to UK time.

