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The Directors of Elephant Capital plc, whose names appear in Part 1 of this circular, accept responsibility for the information contained in this circular. 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 are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

This circular should be read in conjunction with the accompanying Tender Form and Form of Proxy. If you have sold or otherwise transferred all of your Shares, please send this circular and the Form of Proxy (but not any accompanying personalised Tender Form) as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred part of your registered holding of Shares, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

ELEPHANT CAPITAL PLC

(incorporated and registered in the Isle of Man with registered number 116518C)

Notice of Annual General Meeting and proposed £9 million tender offer

This circular and the accompanying Tender Form should not be mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or any other jurisdiction if to do so would constitute a violation of the laws of such jurisdiction (each a “**Restricted Jurisdiction**”). 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 the paragraph headed “Overseas Shareholders” in Part 1 of this circular and the section headed “Overseas Shareholders” in Part 2 of this circular and should inform themselves about, and observe, any applicable legal or regulatory requirements in their jurisdiction.

Notice convening the Annual General Meeting of the Company to be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.00 a.m. on 22 March 2013 is set out at Part 5 of this circular. You will find enclosed with this circular the Form of Proxy for use at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are asked to complete and sign the Form of Proxy in accordance with the instructions printed thereon. To be valid, your completed Form of Proxy should be returned by post to Chamberlain Fund Services Limited, 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD so as to be received as soon as possible but in any event by no later than 10.00 a.m. on 20 March 2013. Completion and return of a Form of Proxy will not prevent you from attending and voting in person at the Annual General Meeting.

If you are a Qualifying Shareholder and wish to tender Shares held in certificated form under the Tender Offer you should complete the Tender Form and return it in accordance with the instructions set out in Part 2 of this circular and on the Tender Form by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received as soon as possible but in any event by no later than 1.00 p.m. on 20 March 2013. Acceptances of the Tender Offer in respect of Shares held in uncertificated form (i.e. in CREST) should be made electronically through CREST so that TTE instructions settle by no later than 1.00 p.m. on 20 March 2013.

The Tender Offer will only be available to Qualifying Shareholders whose names were on the Company’s register of members at 6.00 p.m. on 26 February 2013. If you are not a Qualifying Shareholder, or if you do not wish to tender any of your Shares, do not complete or return a Tender Form or send a TTE instruction.

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Accompanying Documents

Tender Form (for Shareholders with certificated Shares only)

Form of Proxy (for use by Shareholders at the Annual General Meeting)

Information regarding forward-looking statements

This circular contains a number of forward-looking statements relating to Elephant Capital plc. Elephant Capital plc considers any statements that are not historical facts as “forward-looking statements”. They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of Elephant Capital plc to differ materially from the information presented in the relevant forward-looking statement. When used in this circular the words “estimate”, “project”, “intend”, “aim”, “anticipate”, “believe”, “expect”, “should”, and similar expressions, as they relate to Elephant Capital plc or the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this circular. Elephant Capital plc does not undertake publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under applicable laws, the AIM Rules and other regulations.

Expected Timetable

Tender Offer Record Date	6.00 p.m. on 26 February 2013
Tender Offer opens	28 February 2013
Latest time and date for receipt of Forms of Proxy for the Annual General Meeting	10.00 a.m. on 20 March 2013
Latest time and date for receipt of Tender Forms and TTE instructions in relation to the Tender Offer	1.00 p.m. on 20 March 2013
Tender Offer Closing Date	20 March 2013
Annual General Meeting of the Company	10.00 a.m. on 22 March 2013
Announcement of the results of the Annual General Meeting and of the Tender Offer	By 6.00 p.m. on 22 March 2013
Completion of the Tender Offer and purchase of Shares under the Tender Offer	25 March 2013
Cheques issued/CREST accounts credited for Tender Offer proceeds in respect of Shares sold under the Tender Offer	3 April 2013
CREST accounts credited/share certificates issued for revised holdings of Shares following the sale of Shares under the Tender Offer	3 April 2013

Notes:

1. These times and dates are indicative only. If any of the above times and/or dates change materially, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.
2. All references in this circular to time are to the time in London unless otherwise stated.

PART 1

LETTER FROM THE BOARD

Elephant Capital plc (the “**Company**”)
(incorporated and registered in the Isle of Man with registered number 116518C)

Directors:

Gaurav Burman
Francis Anthony Hancock
James Norman Hauslein
Vikram Lall
Elizabeth Tansell

Registered office:

3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD

27 February 2013

Dear Shareholders

ANNUAL GENERAL MEETING AND PROPOSED TENDER OFFER

1. Introduction

As announced on 13 December 2012, Elephant Capital plc (the “**Company**”) is proposing to return capital to Shareholders following the sale of its investment in EIH Limited and the settlement of its claim against Clintec. It is proposed to return a maximum of £9 million to Shareholders through a tender offer at a price of 39 pence per Share (the “**Tender Offer**”).

The Board believes that it is helpful for Shareholders to be able to consider the Tender Offer in conjunction with the report and audited accounts of the Company for the year to 31 August 2012, which are enclosed with this circular. In addition, because the Tender Offer cannot take place without the approval of an ordinary resolution of Shareholders, the Board is proposing the necessary resolution to Shareholders as part of the business of the Company’s Annual General Meeting for 2013, alongside certain other resolutions.

Part 5 of this circular sets out a notice convening the Annual General Meeting which is to be held on 22 March 2013. At this meeting, in addition to the resolution necessary to implement the Tender Offer, the Board is also proposing a resolution authorising the Company to make further purchases of Shares in the market generally for cancellation within the period leading up to the Company’s 2014 annual general meeting.

The purpose of this document is to provide the background to the proposed Tender Offer and to set out detailed terms of the proposed Tender Offer.

For the purposes of this circular, the Tender Offer and the proposed buyback resolutions to be tabled at the Annual General Meeting are collectively referred to as the “**Proposals**”. Defined terms can be found in Part 6 of this circular.

2. Background to the Proposals

In May 2011, in response to the market price of the Company’s Shares being at a significant discount to their net asset value and to the illiquid market in the Shares, the Board proposed that the Company would not make further investments but would focus on realising the Company’s existing investment portfolio and, subject to the Company’s working capital requirements, returning realised capital to Shareholders. In order to do this, the Board proposed a tender offer to qualifying Shareholders to be conducted in the summer of 2011 and sought Shareholder approval to amend the Company’s investment policy accordingly. The resolutions were passed at extraordinary general meetings of Shareholders and warrant holders (whose warrants have since been cancelled) in June 2011. To date, £791,206 has been returned to Shareholders by way of the tender offer and subsequent buybacks permitted under a general authority permitting further market purchases (which was originally granted at the June 2011 extraordinary general meeting and was subsequently renewed at the Company’s annual general meeting on 23 March 2012). In addition, to give the Company sufficient distributable reserves for the tender offer, the Company obtained the approval of Shareholders and the sanction of the Isle of Man courts to a reduction by £27,000,000 of the total £47,752,000 standing to the credit of the Company’s Share Premium Account and a reclassification of that amount as a distributable capital reserve of the Company (a “**Distributable Capital Reserve**”).

The Board is of the view that it is now appropriate to conduct the new Tender Offer because the Company has recently realised its investment in EIH Limited and agreed a settlement in respect of its investment in Clintec.

The Board believes that the Tender Offer will provide Shareholders with an opportunity to partially exit from what has been an illiquid investment at a price which is significantly in excess of the current market price of 31.75 pence as at 25 February 2013, being the latest practicable date before the date of this Circular. The price of the proposed Tender Offer of 39 pence per Share is below the published net asset value per Share at 31 August 2012 of 44 pence per Share and has been calculated to reflect an estimated approximate unaudited net asset value at 31 January 2013 after (inter alia) adjusting all movements in the valuation of listed investments (including a provision to reflect lack of liquidity), operating expenses since 31 August 2012 and the costs of this proposed Tender Offer. Unlisted investments have not been formally revalued. Instead, the Manager’s estimate of impairment to the value of unlisted investments since 31 August 2012 has been taken into account in calculating the Tender Price of 39 pence per Share.

At 31 January 2013 the Company had approximately £11 million in cash resources. The maximum amount being returned in the proposed Tender Offer is £9 million leaving approximately £2 million to cover operating costs of the Company and to allow for the possibility of protective follow-on investments in the Company's existing portfolio.

In addition, following the Tender Offer, in line with its proposed focus for the Company the Board believes that it would benefit the Company to be able to make further market purchases of Shares from time to time from its Distributable Capital Reserve. As such, Shareholders are being asked to pass a resolution giving the Company this power (the "**General Buyback Resolution**"). Full details of the General Buyback Resolution are set out in the Notice of Annual General Meeting in Part 5 of this circular. Further returns of capital (either under the power granted by the General Buyback Resolution, if passed, or through further tender offers) will be made when other realisations of investments are achieved, though given the illiquidity of the Company's listed portfolio and the fact that the remaining unlisted portfolio could take some time to realise, any meaningful further return of cash is very unlikely in the short term.

As described further below, the Tender Offer is subject to a number of conditions.

Following the completion of the Tender Offer and approval of the General Buyback Resolution (if the Tender Conditions are satisfied and the Proposals are approved), the Board will continue to review the current strategy of seeking to return capital to Shareholders on an ongoing basis.

3. Details of the Proposals

3.1 The Tender Offer

The Tender Offer is available to those Qualifying Shareholders on the register of members of the Company at 6.00 p.m. on the Tender Offer Record Date (26 February 2013) and on the Tender Offer Closing Date (20 March 2013) and is only made in respect of the number of Shares registered continuously in those Shareholders' names on those dates. If a Qualifying Shareholder acquires additional Shares after the Tender Offer Record Date, any such Shares so acquired are not eligible for inclusion under the Tender Offer.

Shareholders are invited to tender any or all of their Shares for purchase by the Company at the tender price of 39 pence per Share (the "**Tender Price**") and:

- all Shares under the Tender Offer will be purchased at the Tender Price;
- the maximum number of Shares that may be purchased is 23,076,923 (the "**Tender Offer Limit**"); and
- offers may be scaled back pro rata to the respective numbers of Shares tendered if the number of Shares tendered for purchase exceeds the Tender Offer Limit.

Subject to the satisfaction of the Company's obligations under the laws of the Isle of Man (which the Directors believe will be satisfied), and subject to the Tender Resolution becoming effective, the purchase of Shares by the Company under the Tender Offer will be funded from the Company's existing cash resources and the realisation of listed investments if necessary. Shares not validly tendered may not be purchased.

Shares will be purchased from Shareholders free of commissions and dealing charges.

Shares validly tendered and purchased by the Company in accordance with the terms of the Tender Offer will be automatically cancelled in accordance with Isle of Man law and will not rank for any dividends declared after, or whose record date is after, the date on which the Shares are purchased by the Company (expected to be on 25 March 2013).

In calculating the level of funds to be returned to Shareholders by way of the Tender Offer, the Board has taken account of available funding to the Company and its working capital requirements. The Company is solvent and the Tender Offer is not expected to have any effect on the Company's ability to discharge its liabilities to creditors. The Board estimates that the aggregate costs and expenses of the Company relating to the Tender Offer will not exceed £40,000 (excluding VAT). The Company's ongoing annual costs (other than transactional expenses associated with acquisitions and disposals of investments) are currently estimated by your Board to be no more than approximately £1,001,600; these are not anticipated to increase to any material extent in the future. However, see also Part 4 "Additional Information".

The terms and conditions of the Tender Offer are set out in Part 2 of this circular. Shareholders do not have to tender any Shares if they do not wish to do so. The Tender Offer is in any case conditional upon the satisfaction of certain conditions set out in paragraph 5 of this Part 1.

3.2 The Share Buyback Facility

Pursuant to the General Buyback Resolution, the Board would like to have the facility over the period leading up to the Company's 2014 annual general meeting to opportunistically purchase Shares in the market for cancellation, subject to a minimum price of the nominal value per Share and a maximum price per Share of 5% above the average of the middle market quotations taken from the Official List of the London Stock Exchange for the five business days before the purchase is made. Such purchases would be undertaken with the aim of increasing the net asset value per Share for the remaining Shareholders. Shareholders should note that, subject as aforesaid, market purchases of Shares authorised by the General Buyback Resolution shall be executed as the Directors in their discretion see fit (including the discretion to utilise only part of the share buyback facility). The authority granted by the General Buyback Resolution shall expire on the Company's 2014 annual general meeting, unless renewed, varied or revoked prior to that time. The Board will consider carefully the available funding to the Company and its working capital requirements before proceeding with any additional market purchase of Shares.

4. Overseas Shareholders

The Tender Offer is not available to Shareholders with a registered address in the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or any other Restricted Jurisdiction unless it is lawful for them to participate in the relevant Restricted Jurisdiction without imposing any obligation on the Company to make a filing with any securities agency or similar body. Overseas Shareholders should note that they should satisfy themselves that they have fully observed any applicable legal requirements under the laws of their relevant jurisdiction if they tender Shares in the Tender Offer. The attention of Shareholders who are not resident in the United Kingdom is drawn to the section headed "Overseas Shareholders" in Part 2 of this circular.

5. Conditions and approvals required for the Proposals

The Tender Offer is conditional upon:

- the passing of a resolution to allow purchases by the Company of its own shares under the Tender Offer (the "**Tender Resolution**"); and
- the Tender Offer not being terminated pursuant to the Directors' right to do so if they conclude its implementation is no longer in the best interests of the Company and/or Shareholders as a whole or that the purchase of Shares by the Company would have adverse legal or fiscal consequences for the Company and/or Shareholders as a whole.

The Tender Offer is not conditional on the General Buyback Resolution. However, the Company will not be able to make further market purchases of Shares unless the General Buyback Resolution or another Shareholders' resolution permitting such purchases is approved by Shareholders, and unless the Company has distributable reserves.

An Annual General Meeting of the Company has been called for 10.00 a.m. on 22 March 2013, at which Shareholders will be asked to pass the Tender Resolution and the General Buyback Resolution, together with certain other resolutions in relation to ordinary business. The full text of all the resolutions, including the Tender Resolution and the General Buyback Resolution, are set out in the Notice of Annual General Meeting set out in Part 5 of this circular.

6. Actions Required

6.1 In relation to the Annual General Meeting

The Form of Proxy is enclosed for use at the Annual General Meeting. Whether or not you intend to attend the Annual General Meeting, Shareholders are requested to complete and return the Form of Proxy to Chamberlain Fund Services Limited, 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD, so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 20 March 2013. Completion of the Form of Proxy will not affect the right of a holder of Shares to attend and vote at the Annual General Meeting.

6.2 In relation to the Tender Offer

(a) Shares held in certificated form

All Shareholders who hold Shares on the Tender Offer Record Date and who hold Shares in certificated form should use the Tender Form accompanying this circular. The procedure for tendering Shares under the Tender Offer is set out in Part 2 of this circular and on the Tender Form.

Shareholders who hold their Shares in a certificated form and who wish to participate in the Tender Offer in respect of Shares held by them on the Tender Offer Record Date should follow the instructions on the enclosed Tender Form and return it, together with the relevant share certificate(s) and/or other document(s) of title to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Completed Tender Forms must be received by Capita Registrars at the address shown above by not later than 1.00 p.m. on the Tender Offer Closing Date for them to be valid under the Tender Offer.

(b) **Shares held in uncertificated form (CREST)**

Details of the procedures for tendering and settlement of Shares held in uncertificated form are set out in Part 2 of this circular.

Shareholders who hold their Shares in uncertificated form and who wish to tender all or any of their existing holdings of uncertificated Shares that were held by them on the Tender Offer Record Date under the Tender Offer should tender electronically through CREST so that the TTE instruction settles no later than 1.00 p.m. on the Tender Offer Closing Date.

Further details of the procedure for tendering and settlement are set out in Part 2 of this circular and for certificated Shareholders in the accompanying Tender Form.

6.3 Questions

If you have any questions relating to this circular, the completion and return of the Tender Form or sending a TTE instruction; please contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

7. Recommendation

Your Directors are of the opinion that the Proposals are in the best interests of the Company and Shareholders. Accordingly, your Directors unanimously recommend that Shareholders vote in favour of the resolutions to be proposed at the Annual General Meeting.

The Directors make 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 Shares will depend, amongst 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.

Yours faithfully

Vikram Lall

On behalf of the Board

PART 2

TERMS AND CONDITIONS OF THE TENDER OFFER

Shareholders who do not wish to participate under the Tender Offer need take no action.

1. Introduction

Qualifying Shareholders on the Company's register of members at 6.00 p.m. on the Tender Offer Record Date are being invited to tender Shares for purchase by the Company on the terms and subject to the conditions set out in this circular and also, in the case of certificated Shares only, on the Tender Form. All of the Shares purchased will be automatically cancelled.

2. Terms and Conditions of the Tender Offer

- (a) The Tender Offer is conditional upon the following (together the "**Tender Conditions**"): (i) the passing of the Tender Resolution; and (ii) the Tender Offer not having been terminated in accordance with paragraph 2(w) of this Part 2 at or prior to completion of the Tender Offer.

The Company will not purchase the Shares pursuant to the Tender Offer unless the Tender Conditions have been satisfied. If any of the above conditions are not satisfied by 6.00 p.m. on 22 March 2013 (or such later time and date as the Board may determine, provided that such date is prior to 31 March 2013), the Tender Offer will not proceed and will lapse.

- (b) All Shares tendered by Shareholders under the Tender Offer will be purchased at the Tender Price of 39 pence per Share. A Share shall not be purchased under the Tender Offer at any price other than the Tender Price.
- (c) The Tender Offer is subject to the Tender Offer Limit of £9,000,000, meaning that the maximum number of Shares that can be purchased pursuant to the Tender Offer, based on the Tender Price, will be 23,076,923 Shares.
- (d) The Tender Offer is only available to Qualifying Shareholders on the register of members on the Tender Offer Record Date and on the Tender Offer Closing Date and is only being made in respect of the number of Shares registered continuously in those Shareholders' names on those dates.
- (e) Tender Forms once duly completed (for Shares held in certificated form) and submitted to the Receiving Agent and TTE instructions which have settled (for Shares held in uncertificated form) will become irrevocable and cannot be withdrawn. All questions as to the validity (including time of receipt) will be determined by the Company, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law). Neither the Company nor any other person is or will be obliged to give notice of any defects or irregularities, and neither of them will incur any liability for failure to give any such notice.
- (f) The Tender Offer will close at 1.00 p.m. on the Tender Offer Closing Date and Tender Forms or TTE instructions received after that time will not be accepted.
- (g) All or any part of a holding of Shares may be tendered. Only whole numbers of Shares may be tendered and in the event of a scaling back, relevant tenders will be rounded down to the nearest whole number of Shares.
- (h) Shares successfully tendered under the Tender Offer will be sold to the Company fully paid and free from all liens, charges, equitable interests and encumbrances and with all rights attaching to the same. Successfully tendered Shares under the Tender Offer (or a corresponding number of Shares) will be cancelled and will not rank for any dividends, distribution or other equity related rights declared by the Company after that date.
- (i) All tenders of Shares held in certificated form must be made on the Tender Form duly completed in accordance with the instructions set out on the Tender Form (which constitute part of the terms of the Tender Offer).
- (j) All tenders of Shares held in uncertificated form must be made by the input and settlement of an appropriate TTE instruction in CREST in accordance with the procedure set out below.
- (k) A tender will only be valid if the procedures contained in this circular and, for Shareholders who hold Shares in certificated form, on the Tender Form are complied with.
- (l) The Tender Offer will be governed by, and construed in accordance with, English law and the delivery of a Tender Form or the giving of a TTE instruction by a Shareholder will constitute submission to the jurisdiction of the English courts. The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this circular.
- (m) The result of the Tender Offer and, if applicable, the extent to which tenders will be scaled down, is expected to be announced by the Company by 6.00 p.m. on 22 March 2013.

- (n) All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST relating to the Tender Offer will be sent at the relevant Shareholder's own risk. If the Tender Offer does not become unconditional, or does not proceed, and lapses, in respect of Shares held in certificated form, Tender Forms, certificates and other documents of title will be returned by post to Shareholders not later than 5 Business Days after the date of such lapse, or, in the case of Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Shares held in escrow by TFE instruction to the original available balances to which those Shares relate.
- (o) If part only of a holding of Shares is successfully tendered pursuant to the Tender Offer, the relevant Shareholder will be entitled to receive the following:
 - (i) if Shares are held in certificated form, a certificate in respect of the unsold Shares; or
 - (ii) if Shares are held in uncertificated form (that is, in CREST), the transfer by the Receiving Agent by TFE instruction to the original available balances of those unsold Shares.
- (p) Further copies of the Tender Form may be obtained on request from Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by calling the helpline number on page 7.
- (q) Subject to the terms of the Tender Offer, the Company will purchase Shares tendered under the Tender Offer at the Tender Price.
- (r) Certificated Shareholders who wish to tender Shares under the Tender Offer should indicate the total number of Shares they so wish to tender on the Tender Form.
- (s) The decision of the Directors as to any scaling back will be conclusive and binding on all Shareholders.
- (t) All questions as to the number of Shares tendered and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Shares under the Tender Offer will be determined by the Company in its sole discretion, which determination shall be final and binding on all parties except as otherwise required under applicable law. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of payment for which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right to waive any of the terms or conditions of the Tender Offer (other than the Tender Conditions) and any defect or irregularity in the tender of any particular Shares or any particular holder thereof. No tender of 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 dispatched (in respect of Shares in certificated form) or made by way of CREST payment (in respect of Shares in uncertificated form) to the relevant Shareholder until after (in the case of Shares in certificated form) the Tender Form is complete in all respects and the share certificates and/or other document of title (or an indemnity in respect thereof) satisfactory to the Company have been received or (in the case of Shares in uncertificated form) the relevant TTE instruction has settled. None of the Receiving Agent, the Company 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.
- (u) Shares will be purchased under the Tender Offer free of all commissions and dealing charges.
- (v) The failure of any person to receive a copy of this circular or the Tender Form shall not invalidate any aspect of the Tender Offer.
- (w) The Directors reserve the right to terminate the Tender Offer if they conclude that its implementation is no longer in the best interests of the Company and/or Shareholders as a whole or that the purchase of Shares by the Company would have adverse legal or fiscal consequences (by reason of any change in legislation, practice, circumstances or otherwise) for the Company and/or Shareholders as a whole which were unexpected. If the Tender Offer is terminated, the Company will make an announcement through a regulatory information service that such is the case.

3. Overseas Shareholders

- (a) The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or who are citizens, residents or nationals of other countries may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of countries outside the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Company, the Receiving Agent and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer 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.

- (b) In particular, the Tender Offer is not being made directly or indirectly into or from or by mail or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, nor is it being made directly or indirectly, in, into, or from Canada, Australia, New Zealand, Japan, or the Republic of South Africa unless it is lawful for Shareholders to participate in the relevant Restricted Jurisdiction without imposing any obligation on the Company to make a filing with any securities agency or similar body. Accordingly, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from the United States, Canada, Australia, New Zealand, Japan, or the Republic of South Africa, including to Shareholders with registered addresses in the United States, Canada, Australia, New Zealand, Japan, or the Republic of South Africa, or to persons who are custodians, nominees or trustees holding Shares for persons in the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or use such mails or any such means, instrumentality or facility, in connection with the Tender Offer. Persons in such countries wishing to accept a Tender Offer should not use mail or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to acceptance of a Tender Offer. Envelopes containing a Tender Form should not be postmarked in the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or otherwise despatched from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and all accepting Shareholders must provide addresses outside the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan for the remittance of cash or return of Tender Form.
- (c) 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 the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan 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, the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan in connection with such forwarding, such persons should (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this section of this circular.
- (d) The provisions in this paragraph and/or any other terms of the Tender Offer relating to Overseas Shareholders may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions in this paragraph supersede any terms of the Tender Offer inconsistent therewith. References to a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing Tender Forms, the provisions in this paragraph shall 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.

4. Procedure for tendering

(a) Shares held in certificated form

To participate in the Tender Offer, Shareholders holding Shares in certificated form must complete and return the Tender Form in accordance with these instructions and the instructions on the Tender Form. The following instructions should be read together with the notes on the Tender Form.

To take up the Tender Offer in respect of Shares held in certificated form, you must complete the accompanying Tender Form in accordance with the instructions thereon.

You should complete separate Tender Forms for Shares held in certificated form but under different designations. Additional copies of the Tender Form can be obtained from Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or on 0871 664 0321 or, if, calling from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Completed and signed Tender Forms and share certificates and/or other documents of title should be sent either by post or by hand (the latter during normal business hours only) to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to be received not later than 1.00 p.m. on the Tender Offer Closing Date.

Duly completed Tender Forms sent by any of the means set out above and received signed and complete in all respects by the prescribed time will be treated as tenders of Shares in accordance with the terms and conditions of the Tender Offer.

No acknowledgement of receipt of documents will be given. The instructions on the Tender Form shall be deemed to form part of the terms of the Tender Offer.

(b) Ordinary shares in uncertificated form (that is, in CREST)

If your Shares are in uncertificated form, to tender such Shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the Shares in respect of which you wish to take up the Tender Offer to an escrow balance specifying the Receiving Agent (in its capacity as a CREST Participant under the Receiving Agent's Participant ID and Member Account ID as referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 1.00 p.m. on the Tender Offer Closing Date. The Company shall be entitled (in its sole discretion) to accept late transfers to escrow.

The input and settlement of any TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to sell to it the number of Shares at the Tender Price and on the terms of the Tender Offer by transferring such Shares to the relevant escrow account as detailed below, in accordance with the terms and conditions of the Tender Offer. If you are a CREST Sponsored Member, you should refer to your CREST Sponsor before taking any action. Only your CREST Sponsor will be able to send a TTE instruction to Euroclear in relation to your Shares. The corporate action number for the Tender Offer is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

You should send (or if you are a CREST Sponsored Member, procure that your CREST Sponsor sends) a TTE instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- the number of uncertificated Shares to be transferred to the escrow account of the Receiving Agent;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is RA10;
- the Member Account ID of the Receiving Agent. This is 27899ELE;
- the ISIN number in respect of the Shares. This is GB00B14VJG46;
- the intended settlement date. This should be as soon as possible and in any event no later than 1.00 p.m. on the Tender Offer Closing Date;
- the contact name and telephone number in the shared note field;
- the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- input with a standard delivery instruction priority of 80.

The input and settlement of a TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to sell to it the number of Shares at the Tender Price and on the terms of the Tender Offer, by transferring such Shares to the relevant escrow account as detailed above.

After settlement of a TTE instruction, you will not be able to access the Shares concerned for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent until completion or lapse of the Tender Offer.

You should note that Euroclear does not make available special procedures, in CREST, 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 by your CREST sponsor) to enable all TTE instructions relating to your Shares to settle prior to 1.00 p.m. on the Tender Offer Closing Date. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company will make an appropriate announcement if any of the details contained in this subparagraph relating to settlement in CREST are materially altered.

(c) Deposits of Shares into, and withdrawals of Shares from, CREST

Normal CREST procedures (including timings) apply in relation to any Shares that are, or are to be, converted from uncertificated to certificated form or vice versa during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Shares relating to the Tender Offer or otherwise). Shareholders who are proposing to convert any such Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person with a holding in or acquiring the Shares as a result of the conversion to take all necessary steps in connection with the take up of 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 1.00 p.m. on the Tender Offer Closing Date, whether in certificated or uncertificated form.

(d) **Lost share certificates and documents of title**

If you have lost your share certificate and/or other document of title, you should write to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, for a letter of indemnity in respect of the lost share certificate and/or other document of title. When completed in accordance with the instructions given, such indemnity should be returned by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 1.00 p.m. on the Tender Offer Closing Date. A fee will be payable by the Shareholder in respect of each form of indemnity.

If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars on 0871 664 0321 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to the Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

5. Effect of Tender

(a) **Tender Forms (for certificated Shareholders)**

Completion and lodgment of a Tender Form, including the completion and lodgment of a Tender Form which is treated by the Company as valid, shall constitute the irrevocable agreement, representation, warranty and undertaking by the relevant Shareholder that:

- (i) the execution of the Tender Form shall constitute an offer to the Company to sell to it such number of certificated Shares at the Tender Price 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;
- (ii) such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which such offer is accepted (together with all rights attaching thereto) and the Company will acquire such Shares at the Tender Price 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 Tender Offer Closing Date;
- (iii) such completion and lodgment, shall, subject to the Tender Offer becoming unconditional, irrevocably constitute the Company as the agent of such Shareholder, and an instruction to the Company as such, to:
 - (1) complete and execute any and all documentation and take any and all actions which are necessary or, in the Company's absolute discretion, desirable to give effect to the purchase and cancellation of the Shares the subject of the Tender Form;
 - (2) procure the purchase of the Shares which are the subject of the Tender Form and sell such Shares to the Company for cancellation; and
 - (3) despatch or otherwise make payment of the proceeds of sale in respect of the purchased Shares in accordance with the settlement provisions set out below;
- (iv) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company or the Company or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;
- (v) such Shareholder with a holding of Shares in certificated form will deliver to the Receiving Agent their share certificate and/or other document of title in respect of the Shares referred to in sub-paragraph (i) above, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such document to such person as soon as possible thereafter and, in any event, no later than 1.00 p.m. on the Tender Offer Closing Date;
- (vi) the provisions of the Tender Form form part of the terms and conditions of the Tender Offer;
- (vii) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;
- (viii) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of Shares;

- (ix) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan 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 the United States, Canada Australia, New Zealand, the Republic of South Africa or Japan, the Tender Form have not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan;
- (x) on execution a Tender Form takes effect as a deed; and
- (xi) the execution of a Tender Form constitutes such Shareholder's submission to the exclusive 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.

A reference in this paragraph to a Shareholder includes a reference to the person or persons executing a Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

(b) *Electronic Tenders (for uncertificated Shareholders)*

The input of a TTE instruction which is treated by the Company as valid shall constitute the irrevocable agreement, representation, warranty and undertaking by the relevant Shareholder that:

- (i) the input of such TTE instruction shall constitute an offer to sell to the Company such number of Shares at the Tender Price on and subject to the terms and conditions set out or referred to in this circular and the TTE instruction and that, once lodged, such tender shall be irrevocable;
- (ii) such Shareholder has full power and authority to tender, sell, assign or transfer the Shares in respect of which the Tender Offer is accepted (together with all rights attaching thereto) and, when the same are purchased by the Company, the Company will acquire such Shares at the Tender Price 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 Tender Offer Closing Date;
- (iii) the input of the TTE instruction will, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as the escrow agent for the Tender Offer and an irrevocable instruction and authority to the Receiving Agent:
 - (1) subject to the Tender Offer becoming unconditional, to transfer to itself by means of CREST and then to transfer to the Company by means of CREST all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Shares which have been tendered pursuant to the Tender Offer); and
 - (2) if the Tender Offer is terminated or does not become unconditional and lapses, or there are Shares which have not been successfully tendered under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer the Relevant Shares to the original available balances from which those Shares came.

For the purposes of this paragraph (iii), "Relevant Shares" means Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this paragraph (iii);

- (iv) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;
- (v) if, for any reason, any Shares in respect of which a TTE instruction has been made are, prior to 1.00 p.m. on the Tender Offer Closing Date, converted into certificated form, the electronic tender in respect of such Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Shares in certificated form as set out in this Part 2 in respect of the Shares so converted, if he wishes to make a valid tender of such Shares pursuant to the Tender Offer;
- (vi) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the purchase of the Shares and/or to perfect any of the authorities expressed to be given hereunder;

- (vii) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company or the Company acting in breach of any applicable legal or regulatory requirement in respect of the purchase of Shares;
- (viii) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan 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 the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan, the Tender Form has not been mailed or otherwise sent in, into or from the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan and such Shareholder is accepting the Tender Offer from outside the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan;
- (ix) the creation of an assured payment obligation in favour of such Shareholder's payment bank in accordance with the CREST assured payment arrangements as referred to in the paragraph below under the heading "Settlement" will, to the extent of the obligations so created, discharge fully any obligation of the Company to pay to such Shareholder the consideration to which he is entitled under the Tender Offer;
- (x) the input of the TTE instruction constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer; and
- (xi) if the appointment of Receiving Agent provision under paragraph (iii) above shall be unenforceable or invalid or shall not operate so as to afford the Receiving Agent the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Receiving Agent to secure the full benefits of paragraph (iii) above.

6. Settlement

Settlement of the consideration to which any Shareholder is entitled pursuant to tenders accepted by the Company as complete in all respects will be made by the dispatch of cheques or CREST messages as follows:

(a) **Shares in certificated form**

Where a purchase relates to Shares held by Shareholders in certificated form cheques for the consideration will be despatched by first class post on 3 April 2013, at the risk of the person entitled thereto. All cash payments will be made in pounds sterling by cheque, drawn on a branch of a UK clearing bank.

(b) **Shares in uncertificated form (that is, in CREST)**

Where a purchase relates to Shares held by Shareholders in uncertificated form, the cash consideration will be paid through CREST, by the Receiving Agent (on behalf of the Company) procuring the creation of an assured payment obligation on 3 April 2013 in favour of the payment banks of accepting Shareholders in accordance with the CREST assured payment arrangement.

Shareholders who do not wish to sell any Shares under the Tender Offer need take no action in relation to the Tender Offer or the Tender Form.

PART 3

TENDER OFFER AND GENERAL SHARE BUYBACK TAX ASPECTS

1. General

The following comments provide a summary of the UK taxation consequences of the Tender Offer and any General Share Buyback, based on existing law and on what is understood by the Directors to be current H.M. Revenue & Customs published practice at the date of this document. They are intended to be a general guide only and apply to Shareholders resident and/or ordinarily resident for tax purposes in the UK (except where stated otherwise) who hold Shares as an investment and who are the absolute beneficial owners of those Shares.

The comments do not purport to be a comprehensive analysis of all the UK tax consequences applicable to all types of shareholders so may not apply to certain classes of persons (save where express reference is made to such persons) including, for example, dealers, persons with a holding in Shares in a personal equity plan or an individual savings account, or trustees of certain trusts.

Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.

2. The Tender Offer and any General Share Buyback

(a) **United Kingdom taxation of chargeable gains**

Due to the earlier reduction of capital to create the Distributable Capital Reserve, part of the proceeds of the Tender Offer and any General Share Buyback paid to Shareholders who are subject to UK corporation tax will not constitute a repayment of capital to the extent they exceed the paid-up capital on the Shares and may therefore constitute an income distribution for UK tax purposes.

Any such distribution should be exempt from UK corporation tax on income under Part 9A of the Corporation Tax Act 2009, such that the entirety of the proceeds of the Tender Offer and any General Share Buyback paid to such Shareholders will still be subject to United Kingdom taxation on chargeable gains.

A Shareholder who tenders Shares to the Company pursuant to the Tender Offer or any General Share Buyback should be treated, for the purposes of United Kingdom taxation, as though it had sold them in the ordinary way to a third party. A charge to United Kingdom taxation on any chargeable gain that arises therefrom (or an allowable loss for the purposes of such taxation) could therefore arise for a Shareholder resident or ordinarily resident in the United Kingdom (note that draft legislation has been published which will abolish the concept of ordinary residence for tax purposes from 6 April 2013), depending on the Shareholder's particular circumstances (including the availability of any exemptions, reliefs and allowable losses).

In the case of individuals who are UK-resident but domiciled for UK tax purposes outside the UK and who have successfully claimed to be, or who automatically qualify to be, taxed on the remittance basis under Chapter A1 of Part 14 of the Income Tax Act 2007, any gain will be subject to UK tax only to the extent that the gain is, or is deemed to be, remitted to the UK.

If an allowable loss arises to a Shareholder on the sale of Shares pursuant to the Tender Offer or any General Share Buyback, such Shareholder is recommended to seek professional advice on the potential utilisation of such allowable loss.

A Shareholder who is not resident or ordinarily resident in the United Kingdom (again, note that draft legislation has been published which will abolish the concept of "ordinary residence" for tax purposes from 6 April 2013) and who does not hold its Shares for the purposes of a trade carried on by that Shareholder through a branch or agency or permanent establishment in the United Kingdom will not normally be liable to United Kingdom taxation in respect of any disposal of its Shares pursuant to the Tender Offer or any General Share Buyback.

(b) **Chapter 1 Part 13 Income Tax Act 2007 and Part 15 Corporation Tax Act 2010 (the "Sections")**

The Sections permit H.M. Revenue & Customs to counteract tax advantages arising from certain transactions in securities. The Sections do not apply where it can be shown that the transactions in question were entered into for genuine commercial reasons (or in the ordinary course of making or managing investments) and did not involve as one of their main objects the obtaining of a tax advantage.

If H.M. Revenue & Customs sought to apply the Sections in respect of the Tender Offer or any General Share Buyback, some Shareholders selling their Shares under the Tender Offer or any General Share Buyback might be liable to taxation as if they had received income rather than capital. No application has been made to H.M. Revenue & Customs for clearance in relation to the Sections in respect of the Tender Offer or any General Share Buyback. Shareholders are advised to take independent advice as to the potential application of the Sections to the Tender Offer or any General Share Buyback having regard to the proposed arrangements as a whole and in light of their own particular motives and circumstances.

(c) **Stamp duty/stamp duty reserve tax**

UK stamp duty should not be payable by either a Shareholder tendering Shares in certificated form or by the Company in respect of any such certificated Shares purchased provided that the instrument of transfer of the certificated Shares is not executed in or brought into the UK. UK stamp duty reserve tax should not be payable in respect of Shares tendered in uncertificated form and transferred to the Company through the CREST system provided that no register of the Company is kept in the UK.

3. After the Tender Offer and any General Share Buyback

(a) **Controlled foreign companies**

The attention of Shareholders who are companies resident in the UK is drawn to the fact that the “controlled foreign companies” legislation contained in Part 9A of the Taxation (International and Other Provisions) Act 2010 (“**TIOPA**”) could apply to any company so resident that is deemed to be interested, either alone or together with certain other connected or associated persons, in 25 per cent. or more of the chargeable profits of the Company arising in any accounting period, if at the same time the Company is controlled (within the meaning of Chapter 18 of Part 9A TIOPA) by companies or other persons who are resident in the UK for tax purposes. The chargeable profits of the Company for these purposes would not include any of its chargeable gains. The effect of such provisions could be to render such Shareholders liable to UK corporation tax in respect of their share of undistributed chargeable profits of the Company. However, this will apply only if the apportionment to the Shareholder, when aggregated with the apportionment to any connected or associated persons, is at least 25 per cent. of the chargeable profits of the Company.

(b) **Attribution of gains to members of non-resident companies**

The attention of Shareholders who are resident or ordinarily resident in the United Kingdom for taxation purposes (again, note that draft legislation has been published which will abolish the concept of “ordinary residence” for tax purposes from 6 April 2013) is drawn to the provisions of section 13 of the Taxation of Chargeable Gains Act 1992 (“**Section 13**”). Section 13 could be material to any such Shareholder at a time when any gain accrues to the Company (such as on a disposal of any of its investments) and at the same time, the Company is itself controlled by a sufficiently small number of persons so as to render the Company a body corporate that would, were it resident in the United Kingdom for taxation purposes, be a “close” company for those purposes. The provisions of Section 13 could, if applicable following the Tender Offer or any General Share Buyback, result in any such person who is a “participator” in the Company being treated for the purposes of United Kingdom taxation of chargeable gains as if a part of any gain accruing to the Company had accrued to that person, the gain accruing to that person being equal to the proportion of the gain that corresponds to that person’s proportionate interest in the Company as a “participator”. No liability under Section 13 could be incurred by such a person, however, where such proportion accruing to that person and to persons connected with him for UK tax purposes does not exceed a specified fraction of the gain. This is currently one-tenth, although draft legislation has been published which would increase the specified fraction to one-quarter. If enacted, this amendment would have effect in relation to disposals made on or after 6 April 2012. If the gain derives from a disposal by the Company of an asset situated outside the United Kingdom, any individual “participators” who are UK resident but who are domiciled outside the UK for UK tax purposes and who have successfully claimed to be, or who automatically qualify to be, taxed on the remittance basis will be subject to UK tax only to the extent that any gain is, or is deemed to be, remitted to the UK. Any tax paid by a Shareholder under Section 13 will be allowable expenditure on a subsequent sale by that Shareholder of Shares in the Company in which that Shareholder is a “participator”.

PART 4

ADDITIONAL INFORMATION

1. Risks associated with the Tender Offer and total expense ratio

The implementation of the Tender Offer is conditional, inter alia, upon the Tender Resolution being passed at the Annual General Meeting.

If the Tender Conditions are not satisfied, the Tender Offer will not proceed.

The Tender Offer will result in the issued share capital of the Company being reduced and the Company's capital base will therefore be smaller. Consequently the fixed costs of the Company will be spread over fewer Shares and the Company's total expense ratio is likely to increase. The principal ordinary expenses borne by the Company are (i) the annual management fee paid to the Manager and (ii) the operational costs of the Company.

The Directors estimate that these expenses (excluding for the avoidance of doubt any transactional and extraordinary costs approved by the Board) will not exceed approximately £400,000 per year for the annual management fee paid to the Manager (although this will decrease depending on how many Shares are purchased in the Tender Offer) together with an amount not to exceed approximately £601,600 per year for the operational costs of the Company.

It is the Board's plan to implement a cost reduction programme in the near future and the Company will make an announcement of details of this programme once it has developed it further.

The issued share capital of the Company as at the date of this circular is £477,394.11 consisting of 47,739,411 ordinary shares of £0.01 each.

2. Risks associated with the General Buyback Resolution

If the General Buyback Resolution is passed and the Company makes other market purchases of Shares, the issued share capital of the Company will be reduced and the Company's capital base will therefore be smaller. See above on risks relating to the Tender Offer for the consequences of this.

3. Board Changes

At the forthcoming Annual General Meeting, Jim Hauslein will, at his own request, step down from the board. The rest of the Board would like to extend their thanks to Mr Hauslein for his incisive and wise counsel over his tenure as a Director.

4. Material Contracts

Receiving Agent Agreement

Pursuant to a receiving agent agreement between the Company and Capita Registrars dated 21 February 2013 (the "**Receiving Agent Agreement**"), the Company has appointed Capita to act as receiving agent and escrow agent and to provide various other services in connection with the Tender Offer. The Receiving Agent Agreement may be terminated by either party in certain circumstances such as the insolvency or winding-up of or material breach of contract by the other party.

The aggregate liability of Capita (or associated persons) in connection with the Receiving Agent Agreement is limited to the lesser of £250,000 and an amount equal to five times the fee payable to Capita. Furthermore, Capita shall not be liable to the Company for any consequential loss.

The Company shall indemnify Capita (and associated persons) from any loss incurred by such person arising from the Company's breach of the Receiving Agent Agreement, except to the extent such losses are determined to have resulted solely from the relevant person's fraud or wilful default.

5. The City Code and the City Code Waiver

The terms of the proposed Tender Offer set out in this circular give rise to certain considerations under the City Code on Takeovers and Mergers (the "**City Code**"). The purpose of the City Code is to supervise and regulate takeovers and other matters to which it applies. The City Code is issued and administered by the Takeover Panel (the "**Panel**"). The Company is subject to the City Code and its Shareholders are entitled to the protections afforded by it.

Under Rule 9 of the City Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, an interest (as defined in the City Code) in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer, in cash, to all the remaining shareholders to acquire their shares. Under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of that company.

Under Rule 37.1 of the City 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. A person not acting or presumed to be acting in concert with any one or more of the directors of the company will not normally incur an obligation to make a mandatory offer under Rule 9 if, as a result of the purchase of its own shares by a company, they come to exceed the percentage limits set out in Rule 9, but the Panel should be consulted in all such cases. This exception will not normally apply when a person (or any relevant members of a group of persons acting in concert) not acting or presumed to be acting in concert with any one or more of the directors has acquired an interest in shares at a time when they had reason to believe that such a repurchase of shares by the company would take place.

Given the size of the proposed Tender Offer, there is a possibility that any one of the three largest Shareholders of the Company may, if they do not participate in the Tender Offer and the Company purchases a sufficient number of Shares pursuant to the Tender Offer from other Shareholders, come to hold Shares in the Company which carry 30 per cent. or more of the voting rights of the Company. The relevant Shareholders are:

1. Weiss Asset Management – an American fund manager whose 10,700,000 Shares currently represent 22.41 per cent. of the voting rights in the Company. If Weiss Asset Management does not participate in the Tender Offer but the Company buys back Shares equal to the Tender Offer Limit its Shares could represent 43.39 per cent. of the voting rights in the Company.
2. Lloyds Banking Group PLC – a UK banking group whose 9,999,999 Shares currently represent 20.95 per cent. of the voting rights in the Company. If Lloyds Banking Group PLC does not participate in the Tender Offer but the Company buys back Shares equal to the Tender Offer Limit its Shares could represent 40.55 per cent. of the voting rights in the Company.
3. Equity Group Investments, L.L.C. – an American fund manager whose 7,500,000 Shares currently represent 15.71 per cent. of the voting rights in the Company. If Equity Group Investments, L.L.C. does not participate in the Tender Offer but the Company buys back Shares equal to the Tender Offer Limit its Shares could represent 30.41 per cent. of the voting rights in the Company.

Each of the three Shareholders listed above is, so far as the Company is aware, independent of the others. None of the Shareholders listed has the right to appoint Directors to the Board or is otherwise involved in the management of the Company nor has any of them participated in the decision making process of the Company which culminated in the Company pursuing the Proposed Tender Offer. Furthermore, so far as the Company is aware, none of the three Shareholders listed above has acquired an interest in any Shares in the Company in the knowledge or reasonable expectation that the proposed Tender Offer was to be implemented.

On the basis of the information set out above regarding the aforementioned Shareholders, the Company has discussed with the Panel the potential implications of the City Code on the Tender Offer (and in particular the application of Rules 9 and 37 of the City Code). Following such discussions, the Panel has confirmed on an ex parte basis that under Rule 37 of the City Code and in particular note 1 of that Rule there will not be any Rule 9 consequences on any of the Shareholders listed above if, as a result of the Tender Offer, they come to hold 30 per cent. or more of the voting rights in the Company. Shareholders should note that any further increase, after the Tender Offer, in the voting rights in the Company held by any of the three shareholders mentioned above (or their respective concert parties) will be subject to the provisions of Rule 9 of the City Code in the normal manner.

6. Documents available for inspection

Copies of the following documents will be made available for inspection at the offices of Hogan Lovells International LLP at Atlantic House, Holborn Viaduct, London EC1A 2FG and at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of posting of this circular up to the date of the Annual General Meeting and at the place of meeting for 15 minutes prior to the meeting and during the meeting:

- the Receiving Agent Agreement; and
- this circular.

PART 5

NOTICE OF ANNUAL GENERAL MEETING

ELEPHANT CAPITAL PLC

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Elephant Capital plc (the "**Company**") will be held at 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.00 a.m. on 22 March 2013 for the transaction of the following business:

ORDINARY BUSINESS

As ordinary business to consider and, if thought fit, to pass the following resolutions, each of which will be proposed as ordinary resolutions:

1. THAT the Company's annual accounts for the year ended 31 August 2012, together with the Directors' report and the auditors' report thereon, be received and adopted.
2. THAT Grant Thornton (Isle of Man) be re-appointed as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting of the Company at which financial statements are laid before the Company and that the Directors be authorised to fix the auditors' remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, to pass the following resolutions, each of which will be proposed as ordinary resolutions:

3. THAT the Company generally be and is hereby authorised for the purposes of section 13 of the Isle of Man Companies Act 1992, to make market purchases of ordinary shares of £0.01 each in the capital of the Company ("**Shares**"), pursuant to the Tender Offer (as defined and referred to in the circular to shareholders of which this Notice forms part), provided that:
 - (a) the maximum aggregate number of Shares hereby authorised to be purchased is 23,076,923 Shares;
 - (b) the price to be paid for each Share is 39 pence;
 - (c) the authority hereby conferred shall expire on 30 June 2013 (unless such authority is renewed, varied or revoked by ordinary resolution prior to such time), provided that the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares in pursuance of any such contract wholly or partly after the expiry of such authority.
4. THAT the Company generally be and is hereby authorised for the purposes of section 13 of the Isle of Man Companies Act 1992, to make market purchases of Shares, provided that:
 - (a) the maximum aggregate number of Shares hereby authorised to be purchased is 15 per cent. of the Company's issued share capital immediately after the passing of this resolution;
 - (b) the minimum price to be paid for each Share is the nominal value;
 - (c) the maximum price (exclusive of expenses) to be paid for each Share is 5% above the average of the middle market quotations taken from the Daily Official List of the London Stock Exchange for the five business days before the purchase is made; and
 - (d) the authority hereby conferred shall expire on the earlier of (i) the Company's next annual general meeting and (ii) the date falling 18 months after the passing of this resolution (unless such authority is renewed, varied or revoked by ordinary resolution prior to such time), provided that the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares in pursuance of any such contract wholly or partly after the expiry of such authority.

Registered office:

3rd Floor
Exchange House
54-62 Athol Street
Douglas
Isle of Man
IM1 1JD

Dated: 27 February 2013

By Order of the Board

Elizabeth Tansell
Secretary

The attention of members is drawn to the following notes which form part of this Notice:

1. The members of the Company entitled to attend and vote at the meeting are the holders of ordinary shares of £0.01 each in the capital of the Company.
2. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend, speak and vote instead of him. A proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different Shares held by the member but a member may not appoint more than one proxy to exercise rights attached to any one Share. A form of proxy is enclosed for Shareholders. Completion and return of a form of proxy will not preclude a member from attending and voting at the meeting in person should he wish to do so.
3. Upon a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a representative shall have one vote, and upon a poll every member present in person, by representative (in the case of a corporation) or by proxy shall have one vote for every Share held by him/her.
4. To be effective, completed forms of proxy and the power of attorney or other authority (if any) under which they are signed or a notarially certified or office copy of such power or authority must be delivered to the Company Secretary at the Company's registered office, 3rd Floor, Exchange House, 54-62 Athol Street, Douglas, Isle of Man IM1 1JD, either by personal delivery, post or facsimile transmission (+44(0)1624 641561) as soon as possible but in any event by no later than 10.00 a.m. on 20 March 2013.
5. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2005 of the Isle of Man, specifies that only those shareholders registered in the register of members of the Company as at 10.00 a.m. on 20 March 2013 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the register of members of the Company after 10.00 a.m. on 20 March 2013 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
6. In the case of joint registered holders of any Shares, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names of the holders are shown in the register of members.

PART 6

DEFINITIONS

The following definitions apply throughout the circular unless the context requires otherwise:

“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange plc from time to time;
“Annual General Meeting”	the annual general meeting of the Company to be held at 3rd Floor, Exchange House, 54–62 Athol Street, Douglas, Isle of Man IM1 1JD at 10.00 a.m. on 22 March 2013 (notice of which is set out in Part 5 of this circular);
“Board” or “Directors”	the board of directors of the Company;
“Business Day”	any day, other than a Saturday, Sunday or UK Bank Holiday;
“Capita” or “Capita Registrars” or the “Receiving Agent”	Capita Registrars Limited, a company registered in England and Wales (registered number 2605568);
“Company”	Elephant Capital plc, a company incorporated in the Isle of Man with registered number 116518C;
“CREST”	the computer based system for the transfer of uncertificated securities operated by Euroclear;
“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 2005 of the Isle of Man (Statutory Document No 754/05);
“CREST Sponsor”	a CREST Participant admitted to CREST as a CREST sponsor;
“CREST Sponsored Member”	a CREST Member admitted to CREST as a CREST sponsored member;
“Distributable Capital Reserve”	has the meaning given to it in Part 1 of this circular;
“Euroclear”	Euroclear UK and Ireland Limited;
“Excluded Shareholders”	Shareholders with a registered address in or who are located in the United States or one of the Restricted Jurisdictions;
“Form of Proxy”	the form of proxy accompanying this circular for use by Shareholders at the Annual General Meeting;
“General Buyback Resolution”	the fourth resolution in the Notice of Annual General Meeting in Part 5 of this circular, to permit the Company to make purchases of its own Shares;
“General Share Buyback”	any purchase of Shares by the Company pursuant to the authority granted by the General Buyback Resolution;
“Manager”	Elephant Capital LLP, a limited liability partnership incorporated under the laws of England and Wales with registered number OC338687;
“Member Account ID”	the identification code or number attached to any member account in CREST;
“Notice of Annual General Meeting”	the notice of the Annual General Meeting which is set out in Part 5 of this circular;
“Overseas Shareholder”	a Shareholder whose address in the Company’s register of members is outside the UK;
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant;
“Proposals”	has the meaning given to it in Part 1 of this circular;
“Qualifying Shareholder”	a Shareholder who is entitled to participate in the Tender Offer, being a Shareholder on the register of members of the Company at the Tender Offer Record Date and the Tender Offer Closing Date, other than Excluded Shareholders;
“Receiving Agent Agreement”	has the meaning given to it on page 17 of this circular;
“Restricted Jurisdiction”	the United States, Canada, Australia, New Zealand, the Republic of South Africa or Japan or any other jurisdiction where the mailing of this circular into such jurisdiction or the extension or availability of the Tender Offer would constitute a violation of the laws of such jurisdiction;
“Shareholders”	holders of Shares and the term “Shareholder” shall mean any one of them;
“Share Premium Account”	the share premium account of the Company;
“Shares”	the ordinary shares of £0.01 each in the capital of the Company;

“Tender” and “Tendered”	refers to the tenders by Shareholders of Shares in the Tender Offer;
“Tender Conditions”	has the meaning given to it on page 8 of this circular;
“Tender Form”	the form of tender enclosed with this circular for use in respect of Shares held in certificated form in relation to the Tender Offer;
“Tender Offer”	the invitation by the Company to Qualifying Shareholders to tender Shares for sale to the Company on the terms and subject to the conditions set out in this circular and also, in the case of certificated Shares only, on the Tender Form;
“Tender Offer Closing Date”	1.00 p.m. on 20 March 2013;
“Tender Offer Limit”	the purchase of Shares tendered up to a limit determined by the Directors in their absolute discretion being a maximum value of £9,000,000;
“Tender Offer Record Date”	6.00 p.m. on 26 February 2013;
“Tender Price”	the price at which tendered Shares will be purchased pursuant to the Tender Offer, being 39 pence per Share;
“Tender Resolution”	the third resolution set out in the Notice of Annual General Meeting in Part 5 of this circular, to implement the Tender Offer;
“TFE instruction”	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear); and
“TTE instruction”	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear).

