

## Elephant Capital PLC

### Further Details Regarding Delisting Proposal

#### Introduction

On 26 February 2016, the Board announced its intention to seek Shareholder approval for the cancellation of the admission of the Ordinary Shares to trading on AIM. The Board believes that it is helpful for Shareholders to be able to consider the proposed Delisting in conjunction with the report and audited accounts of the Company for the year ended 31 August 2015. Accordingly, the Board is proposing the resolution to approve the proposed Delisting as part of the business at this year's annual general meeting of the Company, which has been convened for 10.00 a.m. on 1 April 2016. The Directors unanimously consider the proposed Delisting to be in the best interests of the Company and its Shareholders as a whole and are recommending that Shareholders should vote in favour of the proposed Delisting at the AGM.

Copies of the report and audited accounts of the Company for the year ended 31 August 2015 and a separate circular containing further details of the proposed Delisting and the notice convening the AGM will be posted to Shareholders on 29 February 2016 and copies will also be available for download from the Company's website at [www.elephantcapital.com](http://www.elephantcapital.com) shortly.

#### Background to, and Reasons for, the Delisting

At an extraordinary general meeting of the Company held in June 2011, Shareholders approved proposals for a managed wind down of the Company, focussing on realising the Company's then existing investment portfolio over time and (subject to the Company's working capital requirements and to the extent permitted by law) returning relevant realisation proceeds to Shareholders. Since then, the Company has realised several of its investments and returned, through a combination of tender offers and buy-backs of Ordinary Shares through the market, £11.8 million in cash to Shareholders.

The Board, in conjunction with the Investment Manager, is continuing to seek suitable solutions for the disposal of the Company's remaining illiquid investments (valued, in aggregate, at £4.4 million as at 31 August 2015). However, the Investment Manager does not expect the realisation of the Company's remaining investments to be completed in the near future. As it sells down its remaining investments, the Company intends to make further phased returns of cash to Shareholders as part of its managed wind down process.

The Board is conscious of the depletion of the Company's net assets resulting from the ongoing costs of the Company. Cancelling the admission of the Ordinary Shares to trading on AIM would remove certain costs and the administrative and regulatory burden associated with the Company's AIM quotation and will enable the Company to make further cost savings. The Board estimates that cost savings of approximately £100,000 per annum (including the Chairman's retirement), which equates to approximately 20 per cent. of the Company's annualised net operating costs in the year ended 31 August 2015, could be achieved if the Company ceases to be an AIM company.

The Board also recognises that there has been an absence of meaningful market liquidity in the Ordinary Shares for some time (during the 12 months ended 24 February 2016, the Ordinary Shares traded on only 31 days) and, accordingly, that the AIM quotation of the Ordinary Shares no longer offers investors the opportunity to trade in meaningful volumes or with frequency within an active market.

Accordingly, the Board has concluded that the costs of maintaining the admission of the Ordinary Shares to trading on AIM at a time when the Company is completing its realisation strategy outweigh the potential benefits and, therefore, that it is no longer in the interests of the Company or its Shareholders as a whole for the Ordinary Shares to remain traded on AIM.

## Principal Effects of Delisting

The principal effects that the Delisting will have on Shareholders include the following:

- there will no longer be a formal market mechanism enabling Shareholders to trade their Ordinary Shares on AIM (or any other recognised market or trading exchange);
- while the Ordinary Shares will remain freely transferable, they may be more difficult to sell compared to shares of companies traded on AIM (or any other recognised market or trading exchange);
- it may be more difficult for Shareholders to determine the market value of their investment in the Company at any given time;
- the Company will no longer be subject to the AIM Rules and, accordingly, Shareholders will no longer be afforded the protections given by the AIM Rules - in particular, the Company will not be bound to:
  - make any public announcements of material events, or to announce interim or final results;
  - comply with any of the corporate governance practices applicable to AIM companies;
  - announce substantial transactions and related party transactions; or
  - comply with the requirement to obtain shareholder approval for reverse takeovers, changes to the Company's investing policy and fundamental changes in the Company's business;
- the Company will cease to retain a nominated adviser and broker; and
- the Delisting might have either positive or negative taxation consequences for Shareholders (Shareholders who are in any doubt about their tax position should consult their own professional independent adviser immediately).

The Company will remain subject to the Companies Act. The Company will also continue to be subject to the City Code for the period of 10 years from the date of the Delisting and, therefore, Shareholders will continue to receive the minority and other protections afforded by the City Code.

The Company will continue to retain the services of its Investment Manager on the current terms (including the fixed fee of £160,000 per annum, which will remain payable until 25 February 2017). It is anticipated that the Company's investment portfolio may not have been realised in full by 25 February 2017 and the Investment Manager has agreed that, in that event, it will continue to provide its management services for no fee.

Notwithstanding the Delisting, the Company will continue to prepare and send to Shareholders audited annual reports and accounts and to hold annual general meetings and other general meetings in accordance with the applicable statutory requirements and the Company's articles of association.

The Board intends to continue to maintain the Company's website ([www.elephantcapital.com](http://www.elephantcapital.com)) and to post portfolio updates on that website from time to time, although Shareholders should be aware that there will be no obligation on the Company to include all of the information required under AIM Rule 26 or to update the website as required by the AIM Rules.

## Process for Delisting

The Delisting is conditional on the approval of not less than 75 per cent. of votes cast by Shareholders on the resolution regarding the Delisting to be proposed at the AGM.

Furthermore, Rule 41 of the AIM Rules requires an AIM company that wishes the London Stock Exchange to cancel the admission of its shares to trading on AIM to notify such intended cancellation and separately inform the London Stock Exchange of its preferred cancellation date at least 20 business days prior to such date. In accordance with AIM Rule 41, the Directors have notified AIM of the Company's intention, subject to resolution 3 being passed at the AGM, to cancel the Company's admission of the Ordinary Shares to trading on AIM on 11 April 2016. Accordingly, if resolution 3 is passed at the AGM, the Delisting will be effective at 7.00 a.m. on 11 April 2016.

The Shares will remain eligible for settlement in CREST. Accordingly, Shareholders will continue to be able to hold their shares in CREST after Delisting.

### Transactions in Ordinary Shares following the Delisting

Shareholders should note that, if effected, the Delisting will significantly reduce the liquidity and marketability of the Ordinary Shares. The Directors intend to make arrangements for a matched bargain facility through Capita Asset Services following the Delisting becoming effective. Details of this facility will be included on the Company's website in due course in the event that the Delisting is completed.

### Enquiries

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### Expected Timetable<sup>1</sup>

	2016
Circular containing details of the proposed Delisting and the notice convening the AGM posted to shareholders	29 February
Latest time and date for receipt of Forms of Proxy for the AGM	10.00 a.m. on 30 March
AGM	10.00 a.m. on 1 April
Last day of dealing in the Ordinary Shares on AIM <sup>2</sup>	8 April
Cancellation of the admission to trading on AIM of the Ordinary Shares becomes effective <sup>2</sup>	7.00 a.m. on 11 April

#### Notes:

<sup>1</sup> All times referred to in this announcement are, unless otherwise stated, references to London time.

<sup>2</sup> Conditional on resolution 3 to be proposed at the AGM being passed.

### Definitions

The following definitions apply throughout this announcement unless the context otherwise requires:

<b>"AGM"</b>	the annual general meeting of the Company convened for 10.00 a.m. on 1 April 2016, or any adjournment of that meeting
<b>"AIM"</b>	the market of that name, operated by the London Stock Exchange
<b>"AIM Rules"</b>	the AIM Rules for Companies (including the AIM Note for Investing Companies) published by the London Stock Exchange from time to time

<b>"Board"</b>	the Board of Directors, including any duly constituted committee thereof
<b>"City Code"</b>	The City Code on Takeovers and Mergers
<b>"Company"</b>	Elephant Capital PLC
<b>"Companies Act"</b>	Isle of Man Companies Acts 1931 – 2004
<b>"CREST"</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities generated by Euroclear UK and Ireland Limited in accordance with the Uncertificated Securities Regulations 2005 of the Isle of Man
<b>"Delisting"</b>	cancellation of admission of the Ordinary Shares to trading on AIM in accordance with Rule 41 of the AIM Rules
<b>"Directors"</b>	the Directors of the Company
<b>"Form of Proxy"</b>	the form of proxy for use by Shareholders in connection with the AGM
<b>"Investment Manager"</b>	Elephant Capital LLP
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Ordinary Shares"</b>	ordinary shares of £0.01 each in the capital of the Company
<b>"Shareholders"</b>	holders of Ordinary Shares